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Clinton Tries To Weather Withdrawal Of Nominee

Taking Responsibility For Baird, He Begins Search for Replacement

WASHINGTON — President Bill Clinton took personal responsibility Friday for the first withdrawal under fire of his nominee for attorney general — and pressed forward to make certain the political damage would be limited.

Political specialists in the capital noted a certain amount of snickering that the novice in Washington had stumbled over a nominee chosen under pressure from women's groups, but

the insiders calculated that Mr. Clinton could quickly put the problem behind him.

That he intended to do so was made clear by the White House spokeswoman, Dee Dee Myers, who said Mr. Clinton would "soon" select another nominee to replace Zoë Baird, who bowed out under intense opposition due to her having hired a couple of illegal aliens as domestic servants when she was a corporate lawyer in Connecticut.

"He doesn't want this to fester too long," said a senior administration official about finding a replacement.

In a statement early Friday, Mr. Clinton said the episode was due to his transition team's failure to recognize the import of Ms. Baird's disclosure that she had employed illegal immigrants.

"For that, I take full responsibility," Mr. Clinton said.

It was a stinging setback for the new administration but one that Mr. Clinton could easily overcome, if his predecessor's experience was any guide.

During the first days of President George Bush's administration in 1989, Mr. Bush faced a much more wrenching problem over the Senate's rejection of John Tower as defense secretary.

Mr. Bush had staked prestige and political capital in standing behind Mr. Tower, something Mr. Clinton did not do for Ms. Baird. But Mr. Bush recovered quickly, naming in Mr. Tower's place Dick Cheney, who went on to win the respect of both parties for his competence and fairness during four years as defense secretary.

Mr. Tower was brought down by allegations of drinking and woman-chasing. Ms. Baird was vulnerable to the charge that she had knowingly violated U.S. immigration laws that, as the head of the Justice Department, she would be called on to enforce.

She apologized repeatedly. But that did not erase the impression that her conduct contradicted Mr. Clinton's promise to change the way Washington does business.

The Baird issue emerged unavoidably again on Friday when it came to having his cabinet sworn in — minus an attorney general.

As Mr. Clinton looked on, 16 of his nominees — including 13 members of his cabinet — were sworn in at a White House ceremony.

At the start of the first cabinet meeting of his

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Clinton cabinet members being sworn into office on Friday by U.S. Chief Justice William H. Rehnquist. From left: Interior Secretary Bruce Babbitt, Defense Secretary Les Aspin, Treasury Secretary Lloyd Bentsen and Secretary of State Warren M. Christopher.

Serbs Seize Weapons At UN Depots After Croats Break Truce

By Blaine Harden Washington Post Service

BELGRADE — In a startling eruption to a dormant conflict, the Croatian Army on Friday attacked with artillery and infantry across a United Nations cease-fire line into a Serb-occupied pocket of Croatia.

The Croatian attack shattered a UN-monitored truce that had held since last January in the Krajina region that was annexed by Serbian forces in 1991.

Serbian troops, whose heavy weapons had been under the control of UN peacekeepers in the last year, responded to the Croatian attack by breaking into UN storage depots and seizing artillery and other weapons.

Serb leaders said in a letter to the UN Security Council that if the international peacekeeping force in Croatia failed to protect Serbs, the Yugoslav Army "has both the right and duty" to do it.

The Yugoslav federal president, Dobrica Cosic, said the Yugoslav Army would move in to help Krajina's Serbs if the United Nations did not act.

The Bosnian Serb leader, Radovan Karadzic, said Friday in Geneva that his forces would go to the aid of Serbs in Krajina if the Croats attacked did not stop.

"If they continue to attack the Serb people in Krajina, we will help them," he said. "We are the same nation."

The offensive was immediately criticized by the Security Council, which called on the Croats to return to their previous positions.

The council appealed to all parties to cooperate with peace efforts under way in Geneva.

The Croat attack came one day before Serbian, Croatian and Bosnian Muslim leaders are to resume talks in Geneva on ending the nine-month-old war in neighboring Bosnia. The attack also coincided with a sudden surge of fighting across Bosnia.

The Geneva peace process, which has won the guarded approval of all parties in the war, is scheduled to take up a complicated phase of negotiations over a proposed new map that carves Bosnia up into 10 provinces.

Despite the Croatian attack, Mr. Cosic and Serbia's president, Slobodan Milosevic, said Friday that they would attend the talks in Geneva.

Mr. Milosevic, a hard-line nationalist who is widely blamed for having instigated wars in both Croatia and Bosnia, has recently proclaimed himself to be a champion of peace and has come out strongly in favor of ending the Bosnian conflict through negotiations.

The Serb strongman, whose backing of Serb aggression in Bosnia led the United States to accuse him of war crimes, reacted Friday with uncharacteristic equanimity to the Croatian attack in Krajina.

"I hope it will not have had consequences on the Geneva peace process," Mr. Milosevic said.

The UN peacekeeping force in Croatia was given a mandate in 1992 to disarm Serbian fighters throughout the region and to create conditions for the return of Croatian refugees. UN officials admit, however, that their mission has failed.

They blame local Serb gunmen, who they say are financed and controlled by Mr. Milosevic. More than 15,000 of them refuse to give up their guns or stop terrorizing non-Serbs, UN officials say.

The Croatian government has been threatening for months to use force to take back land that the United Nations recognizes as belonging to Croatia.

Croatia's version of what happened Friday differs markedly from that of a UN spokeswoman in Zagreb, who spoke of Croatian "shelling and a ground advance over the cease-fire line."

Croatian radio said "police" had pushed into the zone protected by UN units to make security preparations for a pontoon bridge whose construction has long been blocked by Serbian occupation.

President Franjo Tudjman of Croatia reportedly told a diplomat in Zagreb Friday that the move was done with the knowledge of the UN secretary-general, Boutros Boutros Ghali, and the Geneva peace mediators, Lord Owen and Cyrus R. Vance.

The Croatian Army stormed into the UN Protected Zone at Maslenska, where a key bridge over an Adriatic Sea channel is used to connect Croatia's main northern highway with the coast, which is the center for the country's once-lucrative tourist industry.

That industry, long the most important source of hard currency for all of former Yugoslavia, was destroyed by the 1991 war.

The Croatian attack fits into a recent pattern of bold Croatian military action. In Bosnia, UN officials say that it is the Croats, not the Serbs, who have been the primary violators in the last two months of a UN no-flight order.

Croatian Army forces, equipped with heavy weaponry and receiving regular deliveries of ammunition from Croatia, have been operating for months inside the borders of Bosnia-Herzegovina.

clear for a lawyers-only session. Reporters covering the trial that day said they saw Ms. Dische taking notes.

"After she attended, my wife decided it was interesting and she wanted to write about it," Mr. Becker said. "I did not deceive the court at all. Believe me, I was not eager for her to write anything."

He said he did wage a public campaign to win press sympathy for Mr. Honecker's failing health and thus halt the trial — which is exactly what the court did.

But Mr. Becker said he had no need or desire to win U.S. press support for Mr. Honecker. "The court knew my wife is a writer," he said. "She had a best-seller in Germany three years ago. Before this trial, I was known as the husband of Irene Dische. Now she's known as my wife."

Ms. Dische, who has lived in Berlin for 12 years and who said she preferred to speak German, dismissed the idea that she should have notified the court of her intention to write about the closed sessions. She also rejected the notion that readers might want to know that the author of an article calling Mr. Honecker "a hero" was married to his defense lawyer.

"I'm not a journalist anyway," she said. "I'm a writer. The real question is, SHOULD I have written this at all? These See LITERATA, Page 4

Keeping Up Iraq Raids, U.S. Jet Hits Air Defense Site

Compiled by Our Staff From Dispatches

WASHINGTON — The Iraqi-declared cease-fire was broken a second time when a U.S. warplane fired missiles Friday at an Iraqi air defense site that had turned on its radar.

In Baghdad, an Iraqi military spokesman said that the U.S. attack, inside a northern no-flight zone, was unnecessary and denied the existence of missile batteries in that region.

"There are no anti-aircraft batteries in that region, no SAM missiles or any other type of missiles," the spokesman said.

But Iraq appeared to be complying with UN Security Council resolutions, an American official said Friday, as more UN weapons inspectors arrived to begin destroying chemical arms.

The Clinton administration vowed again Friday to pursue a hard-line policy toward Baghdad. "The president is prepared to hold firm with Iraq," the White House said. "They must comply with all the UN resolutions."

"As you know, similar to the situation yesterday, if the Iraqis take hostile action against the American pilots they will respond," said the White House spokesman, George Stephanopoulos.

Iraq said that the purpose of the raid was provocation.

A Pentagon official said a U.S. plane had fired on an Iraqi air defense site that locked its radar on the aircraft.

According to the Pentagon, the first missile fired by the U.S. F-4G "apparently failed to neutralize the radar" and the second was fired after it continued to track the aircraft. "No damage assessment to the radar site is currently available," it said.

A Pentagon official said it was not immediately clear why the first missile failed to eradicate the radar. The source said the HARM missile was supposed to follow the radar signal into the target. The official said that one possible reason for the miss was that the radar signal coming from the Iraqi installation was not strong enough.

On Thursday, Baghdad denied a U.S. assertion that it had provoked an air attack against

an anti-aircraft missile site, the first such engagement of the Clinton presidency.

At UN headquarters in New York, the chief U.S. delegate, Edward Perkins, said that despite the skirmish on Friday it still appeared that "Baghdad is complying with the manifestations of the Security Council."

"If that's so, I hope that this will cool down the heat, so to speak," he said.

The truce that Iraq called on Wednesday was violated a day later when two U.S. jets bombed a radar site. Pentagon officials said radar was turned on the planes, and that Iraqi anti-aircraft guns also shot at them. Turning on radar is

See IRAQ, Page 4

Japan Has Trouble Taking A New Approach on Trade

With Surplus at a Record, Tokyo Shies From an Initiative in Dealing With U.S.

By Steven Brull International Herald Tribune

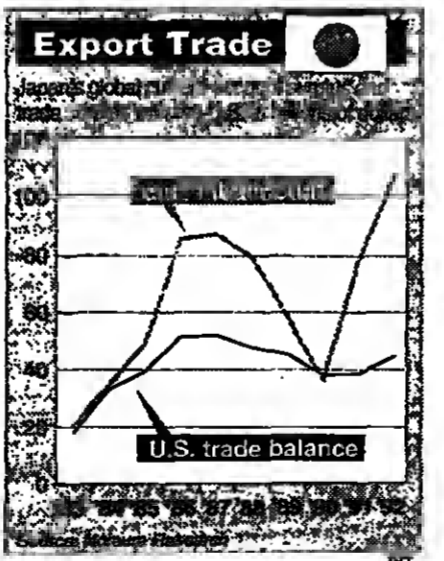
TOKYO — While fretting that the new administration of President Bill Clinton will take a harder line on trade, Japan's divided political establishment remains mired in the past, unable

between Japan and the world. With a new trade-conscious administration in place in Washington, the surplus will require a new level of political management lest negotiators find themselves roped in by rising rhetoric.

"It's a macroeconomic problem that will take time to clean up," a Western government official said. "But it's become politicized, and in the meantime we need to show positive results."

As Japan's recession dampened imports while exports of cars, microchips and other high value-added products remained strong, Tokyo's trade surplus jumped 12 percent to \$11.23 billion in December. That brought the total for 1992 to a record \$107.06, up 37.6 percent from 1991, the Finance Ministry reported Friday.

The surplus with the United States stood at \$43.67 billion, a 14.3 percent rise. Economists



expect the surplus to grow slightly in 1993 as America's economy imports more.

On Thursday, Mr. Clinton's top economic adviser, Laura D'Andrea Tyson, signaled her intention to take a tough stand against Japan. She said she wanted to resume sectoral trade

See TRADE, Page 11

Ex-Soviet States Again Fail To Find Common Ground

By Celestine Bohlen New York Times Service

MOSCOW — Leaders of the Commonwealth of Independent States met again Friday and failed to give real shape or purpose to the amorphous association that emerged 13 months ago as the successor to the Soviet Union.

The meeting ended without resolving a quarrel that has resurfaced between Commonwealth's two largest members, Russia and Ukraine, over the control of strategic nuclear weapons.

It also left unanswered more fundamental questions about whether the Commonwealth has any other function, except to gather its 10 disparate members, from Europe's edge to the steppes of Central Asia, for periodic high-level meetings.

At the end of the daylong meeting, the leaders agreed to sign a memorandum that lays out the principles of the Commonwealth, while allowing individual states more time to consider a more substantive charter defining the range of the Commonwealth's authority.

Seven of the 10 members are apparently ready to sign the charter, but Ukraine, Turkmenistan and Moldova, fearing the surrender of their newfound sovereignty, held back.

"I think by joint mental effort we found a decision that suits everybody and does not create problems within the national interest of individual states," said President Boris N. Yeltsin of Russia at a news conference after the meeting.

On the eve of the Minsk meeting, Russia proposed to take control over the former Soviet Union's strategic nuclear forces, including weapons now on the territory of Ukraine, Belarus and Kazakhstan that are due to be transferred to Russia for dismantling under arms-control agreements signed with the United States.

Although its parliament has yet to ratify the START-I agreement, Ukraine has not backed away from its commitment to become a non-nuclear state. But it insists that the 176 intercontinental

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Kiosk Insider to Head Bank of England

The British government named Eddie George, a 30-year veteran of the Bank of England, governor of the central bank. Mr. George, 54, deputy governor since 1990, will replace Robin Leigh-Pemberton, who is retiring after 10 years as governor. (Page 9)

Known as a strict monetarist, Mr. George will take the reins at a time of heightened debate over whether the Bank of England should be made independent of the government, as prescribed in plans for closer EC monetary union. Prime Minister John Major has made clear that for now, the government intends to keep political control.

The Airbus members are to study a superjumbo aircraft with Boeing. Page 9.

Japan's carmakers fear a foreign backlash. Page 13.

Art Old Master sales in New York indicate renewed strength. Soren Melikian reports. Page 7.

President Clinton broadened the economic scope of the National Security Council. Page 3.

Weather Page 18.

Honecker Apologist in New Yorker Is Unapologetic

By Marc Fisher Washington Post Service

BERLIN — A trans-Atlantic tiff over press ethics escalated Friday when a court here denounced as an "abuse" The New Yorker magazine's article about the manslaughter trial of Erich Honecker, the former East German Communist leader.

The Jan. 11 piece was a sympathetic "Talk of the Town" portrayal of Mr. Honecker, 80, by the wife of his defense lawyer, but carried neither her byline nor a description of the author's connection.

On Friday, a court spokesman said that the lawyer, Nikolas Becker, and his wife, the American novelist Irene Dische, had misused their access to closed-court sessions. The Dische article included a detailed description of Mr. Honecker's cancerous liver — verbatim testimony by medical experts she heard when her husband took her into bearings closed to the public, the press and even to the defendant himself.

"The judge had no idea she was acting as a reporter then or at any time," the court spokesman, Bruno Rautenberg, said. "The judge only allowed her into the courtroom as a secretary or assistant to her husband, so she could watch."

Alexander Chancellor, editor of the Talk of the Town section, said Friday night that "Irene Dische is a well known

writer-journalist who assured us that her attendance of the trial was in order."

FIRST 100 DAYS / A POLICY DEPARTURE

POLITICAL NOTES

Passport Search on Clinton: Now the Tapes

WASHINGTON — The independent counsel Joseph E. diGenova, who is investigating the pre-election search of State Department documents for information on Bill Clinton, has obtained access to the backup tape of the master electronic-message system of the Bush White House covering the presidential campaign period, according to informed sources.

The Clinton White House has also agreed to isolate for his use the electronic memories of the personal computers of Bush White House personnel who may have been involved in the affair, the sources said.

Mr. diGenova took the unusual action to safeguard the files so as "to preserve evidence" for later review and not because he knew of specific incriminating messages, the sources said. He also asked for and got control over relevant electronic records at the State Department as part of a broader request for access to department personnel and records, the sources said.

Bush administration officials earlier this month had been prevented from destroying White House computer records by U.S. District Judge Charles R. Richey, who ruled that the electronic files must be preserved. The White House had contended that the federal statute requiring preservation of presidential records did not apply to computer backup tapes.

Mr. diGenova is investigating whether Janet G. Mullins, former assistant to Mr. Bush for political affairs, and others at the White House or the State Department broke any criminal laws in relation to the Sept. 30 and Oct. 1 review of passport and consular files on Mr. Clinton and his mother, Virginia Blythe Kelley. (WP)

For Stephanopoulos, a Long First Day on Job

WASHINGTON — It was Opening Day for George Stephanopoulos, the cool and cautious presidential spokesman, facing the heavy hitters of the news media in the White House briefing room. To add to the sense of drama, the encounter was carried live on CNN.

It was not pretty. Mr. Stephanopoulos was hammered for 27 long minutes with no relief in sight during his first day on the job Thursday. The communications director lost his control early, and the crowd of reporters even jeered at one point.

Mr. Stephanopoulos had flawlessly handled dozens of briefings in Little Rock, Arkansas, but that was during exhibition season. His client was now President Clinton, and the standard equivocations sounded less convincing.

While Mr. Stephanopoulos was never visibly rattled, the sight of this featherweight 31-year-old behind the lectern was jarringly different from that of the portly bulk of Marlin Fitzwater, 50, spokesman for both George Bush and Ronald Reagan. Viewers rarely saw Mr. Fitzwater fencing with reporters because of a longtime ban on television coverage of the briefings, which was apparently lifted.

Much of the hostile questioning concerned Attorney General-designate Zoë Baird and her hiring of illegal immigrants. Mr. Stephanopoulos was in the position of trying to voice support for Ms. Baird without being enthusiastic. (WP)



George Stephanopoulos during his first White House shift.

Don't Forget Perot Vote, Party Is Warned

WASHINGTON — Democrats revealed in self-congratulation as they elected their new party chairman, David C. Wilhelms.

Then they got a stern warning that the November election result should not be taken as a mandate for governing, and were reminded of the raw nerve that Ross Perot touched in America during 1992. "You all know that Bill Clinton is enormously popular," said Stan Greenberg, the party pollster. "Just remember George Bush was enormously popular." The Democrats, he said, should not ignore the skeptical voters who backed Mr. Perot after he popped off on a TV show that he would run for president if he got on all 50 state ballots.

"I'm not saying we are going to have to go down the Perot agenda and go down the checklist and say that this is our checklist," Mr. Greenberg said. "But these are voters who are particularly distrustful of politics, distrustful of parties, alienated from the system, think their government has lied to them, think they've raised their taxes without delivering anything to them. And we have a burden to bring those voters over. I view that as our primary task." (NYT)

Quote-Unquote

Zoë Baird, writing to President Bill Clinton and asking him to withdraw her nomination for attorney general: "I am surprised at the extent of the public reaction, but face the reality that this situation affects my ability to achieve the goals we both have for the Department of Justice." (AP)

Away From Politics

• Navy Lieutenant Paula Coughlin, who says she was sexually assaulted by drunk naval pilots last year in Las Vegas, is suing the pilots' association and the hotel where the incident took place. She is one of at least 26 women who say they were grabbed, fondled and sexually assaulted by members of the Tailhook Association at its convention in September 1991.

• The Treasury Department fined 10 casinos in Atlantic City, New Jersey, \$2.48 million for alleged civil violations of the law designed to prevent money laundering. The department accused the casinos of "willfully failing to report" currency transactions over \$10,000 to the Internal Revenue Service as required by the Bank Secrecy Act.

• Signs of nicotine were found in all 800 of the first people tested in a large federal study of exposure to tobacco smoke, whether they had smoked or not. "We really weren't expecting that," said Dr. James Pirkle of the Centers for Disease Control and Prevention. The facility is testing 23,000 Americans for cotinine, a byproduct of nicotine found in the blood. The first 800 tested all showed some cotinine.

• California's seventh-largest bank, the Japanese-controlled Sumitomo Bank of California, pledged to make more than \$500 million in home and community development loans in poor Los Angeles neighborhoods in the next 10 years.

• Pan Am agreed to pay \$100,000 to settle a lawsuit accusing airline security agents of detaining an Iranian-born American during the Gulf War because of his ancestry. The settlement will be shared by the passenger, Mohammed Ghonoudian, the American Arab Anti-Discrimination Committee and the American Civil Liberties Union.

• Said Lucas Gutentag of the ACLU's Immigrants' Rights Project, said Lucas Gutentag was taken to Fairfax High School in Los Angeles by a teenager who feared gangs fired accidentally in a class, killing one student and wounding a second, the police said. The gun fired when the youth reached into his book bag.

• The Nuclear Regulatory Commission has suspended the license of Oncology Services Inc. of Harrisburg, Pennsylvania, to use radiocesium in cancer treatments after a cancer-treatment center owned by the company accidentally left a siver of radioactive metal inside the body of an 82-year-old woman in November, apparently causing her death five days later. (AP, NYT)

Joint Chiefs Challenge Clinton on Gay Policy

By Eric Schmitt

WASHINGTON — In an angry challenge to the administration's promise to lift the ban on homosexuals in the military, the Joint Chiefs of Staff are trying to persuade President Bill Clinton to reverse his campaign pledge, senior military officials said Friday.

Defense Secretary Les Aspin's first meeting with the Joint Chiefs — the nation's six senior officers — was dominated Thursday by an emotional, two-hour discussion of their concerns that repealing the ban would wreck morale, undermine recruiting and increase the risk of AIDS to heterosexual troops, senior officials said.

The chiefs are to meet with Mr. Clinton on Monday to voice their opposition to the administration's plan to repeal the restrictions in a two-step process. Under the plan, Mr. Clinton would delay issuing an executive order lifting the ban for several months; in the meantime, the military would be directed less formally to suspend enforcement of the ban.

Although not quite defying the president, the Joint Chiefs' visceral opposition contrasts with a slightly more conciliatory tone in public statements that several of them made in December.

"The chiefs feel they are in the position to convince president that this would be the wrong decision," said a senior aide to one of the service heads.

The firm support of the Joint Chiefs is critical for successfully carrying out the new policy. In the military chain of command, officers and enlisted personnel take their cues on issues such as sexual harassment and racial discrimination from the example set by their superiors.

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Chelsea Clinton, the president's daughter, and friends during a surprise visit to the Hard Rock Cafe.

Security Panel's Base Widened

Council to Put More Emphasis on Economic Dimensions

By Don Oberdorfer

WASHINGTON — President Bill Clinton, in his first foreign policy action, signed a directive setting up a national security decision-making system with a broader economic emphasis than ever before.

Borrowing from the Bush administration, Mr. Clinton approved three levels of deliberative committees under the National Security Council, the main interagency body for foreign and defense decisions.

The principal innovation is the addition to the National Security Council of Treasury Secretary Lloyd Bentsen as well as Robert E. Rubin, staff chief of the new White House Economic Council, and Madeleine K. Albright, who has been nominated to be ambassador to the United Nations.

The White House spokesman, George Stephanopoulos, who announced the addition of Mr. Rubin and Mrs. Albright to the National Security Council on Thursday, said this indicated Mr. Clinton's resolve to make sure that economic dimensions are at "the center of our national security policy."

An administration official familiar with Mr. Clinton's order said it envisioned a close coordination between the National Security Council and the Economic Council, which originally was frequently referred to as an "economic security council" along security council lines.

The deputy staff director of the National Security Council, Samuel R. Berger, will join committees of the Economic Council when it is considering international subjects, and the Economic Council's deputy staff chief will join committees of the National Security Council when it is considering issues with economic aspects, the official said.

The National Security Council, which was established in 1947, is chaired by the president and has three other statutory members — the vice president, the secretary of state and the secretary of defense. In addition, the chairman of the Joint Chiefs of Staff and the director of central intelligence are statutory advisers. In practice, presidents can add or omit officials in meetings of this innermost national security body.

Mr. Clinton's order establishes a principal committee of the main security council members to deal with security issues before they go to formal security council meetings; a deputies committee headed

by Mr. Berger and including deputy chiefs of key agencies; and working groups on a range of medium-term questions, to be headed by officials from departments or agencies involved in the issue.

At times in the past, foreign and defense decision-making has been hampered by disputes among senior officials over power and prerogatives. In one episode, President Ronald Reagan on his first day in office refused to sign the directive drawn up by Secretary of State Alexander M. Haig Jr. for a decision-making system that gave Mr. Haig the largest share of power.

This time, top officials are vowing to avoid turf disputes. Secretary of State Warren M. Christopher said Thursday that he had talked with Defense Secretary Les Aspin and the national security adviser, W. Anthony Lake, about early plans for decision-making.

"Fortunately, we happen to be old friends and colleagues, and I think it will be easy for us to get into a working relationship," Mr. Christopher said.

Quayle's Panel Shown the Door

WASHINGTON — Vice President Al Gore said Friday that the abolition of the Council on Competitiveness would thwart special interests that used the rule-reviewing body "as a backdoor to avoid the law."

Established in 1986 and most recently led by former Vice President Dan Quayle, the council reviewed — and sometimes blocked — government regulations seen as a hindrance to big business. Critics had claimed that the administration used the council to restrict regulations protecting the environment, health and worker safety.

President Bill Clinton abolished the council Thursday, and Mr. Gore discussed the action in a staff meeting Friday. He said an existing review process under the Office of Management and Budget would make sure businesses were not burdened by federal regulations.

Clinton Overturns Several Republican Curbs on Abortion

By Ann Devroy

WASHINGTON — In a sharp break with a decade of Republican rule, President Bill Clinton on Friday overturned a series of restrictions on abortion 20 years to the day after the Supreme Court legalized the procedure.

As anti-abortion protesters marched outside the White House, Mr. Clinton moved to undo executive branch actions that former Presidents Ronald Reagan and George Bush had taken to limit abortion.

"Our vision should be of an America where abortion is safe and legal but rare," Mr. Clinton said.

At a televised Oval Office ceremony, the president:

• Lifted restrictions on abortion counseling at federally funded clinics that had come to be known as the "abortion gag rule."

• Removed restrictions on federally sponsored research on the medical use of fetal tissue.

• Ended restrictions on United Nations population programs that had prevented funds for programs that included information or counseling on abortion.

• Returned to overseas U.S. military hospitals the right to perform abortions.

• Ordered the federal government to review the Bush-era ban on the private importation of RU-486, the French abortion pill.

The actions, two days after Mr. Clinton took office, fulfill a campaign pledge to pro-abortion rights groups although the president portrayed his moves as ones that return medical decisions to women and their counselors, not as ones that suggest he is pro-abortion.

The actions amount to virtually everything a president on his own could do to remove restrictions that prevented women, in large measure poor women, from obtaining abortions.

Mr. Clinton's actions were hailed by abortion-rights activists, scientific researchers, population-control experts and a range of other groups that had fought limits for 12 years. They were attacked by the anti-abortion movement as a capitulation to pro-abortion pressure groups that want no restrictions at all on abortion.

The statements in response to the initiatives exemplified the different planes on which the abortion argument is being waged: Neither

politicians nor abortion-rights activists want to be portrayed as backing abortion, only backing women's rights to choose appropriate medical care. Abortion opponents want the issue to be portrayed as one of opening the floodgates to abortion on demand.

Mr. Clinton's moves, said Eleanor Smeal, president of the Feminist Majority Foundation, signal "the end of an era of medical McCarthyism" in which Republican ideology "interfered with the conduct of scientific research and medicine."

That group and others said they would mount a pressure campaign to force Hoechst AG, manufacturer of the abortion pill, to bring it into the United States. The firm had said it would do so if the hostile political climate over abortion changed.

Wanda Franz, president of the National Right to Life Committee, said Mr. Clinton's actions amounted to the federal government's "promoting the use of abortion as birth control," and thereby increasing abortions at home and around the world.

Mr. Bush, under pressure from the conservative wing of his party, had moved even beyond Ronald Reagan in seeking to eliminate from the federal government any action that could be perceived as promoting or encouraging abortion.

Back to Roe v. Wade

The White House spokesman, George Stephanopoulos, said that President Clinton wanted to make sure that health policy decisions "are taken away from this great abortion debate." The Associated Press reported.

"He wants to make sure that the federal government sticks with Roe v. Wade," he said, referring to the Supreme Court decision 20 years ago that made abortion a constitutional right.

In that decision, the court ruled, 7 to 2, that state laws making abortion a crime infringed upon the 14th Amendment's due process guarantee of personal liberty, which, the majority said, protects a woman's decision whether to have a child.

Since 1973, more than 22 million legal abortions have been performed in the United States, with a current annual count estimated at 1.6 million.

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The competition is funded and administered by RTZ to whom all entries should be sent. Full details and entry forms are available from: The Administrator, The RTZ David Watt Memorial Prize, The RTZ Corporation PLC, 6 St James's Square, London SW1Y 4LD.

Closing date for entries is 26th March 1993.

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As Populist, Clinton Had No Choice but To Drop Nominee

By R. W. Apple Jr.
New York Times Service
WASHINGTON — It was a most inauspicious beginning, but President Bill Clinton had no choice.

NEWS ANALYSIS

Withdrawing the nomination of Zoë Baird to attorney general, only 36 hours into a new presidency, was a nightmare born of a flawed transition.

Ms. Baird's withdrawal was not, in itself, a defining moment in the young Clinton presidency. A wise choice of a replacement, and early confirmation, would help assuage the pain.

One of the most important, said an adviser to Ms. Baird, is that even when the same party controls the White House and the Congress, the Democrats do not, "party cohesion remains minimal, and people on the Hill will vote their own interests, taking into account the polls, the calls and the mail."

In the interest of finding enough women, blacks and Hispanic-Americans, several prospective nominees were shunted aside during that period, and Ms. Baird was moved hastily into the attorney general's slot.

campaign — the relentless, tough operatives who got him elected. Such tacticians as James Carville and Paul Begala, he said, might have spotted the political dynamite in Ms. Baird's employment of illegal aliens when others did not.

Had Zoë Baird been some other kind of lawyer, not a corporate attorney earning a half million dollars a year, she might have survived. Had she been nominated in another year, after a campaign in which congressional scandals and Ross Perot and the little guy played lesser roles, she might have survived.

In the public view, said Senator Patrick J. Leahy, a Vermont Democrat who sits on the Judiciary Committee, confirming Ms. Baird would have signaled acceptance of "a double standard of justice."

She opened Mr. Clinton to charges of hypocrisy while he was still trying to figure out how the White House telephones work.

Ms. Dische said her article was widely misread in the United States as a defense of Mr. Honecker. "I am completely apologetic," she said. "The New Yorker called me a left-wing writer, but that's absolute nonsense. From now on, I think I'll



Zoë Baird, who withdrew as President Bill Clinton's nominee.

CABINET: Looking for Nominee

(Continued from page 1) presidency. Mr. Clinton said he felt badly that Ms. Baird could not be among the others.

When told of the mounting opposition in the Senate, Ms. Baird called Secretary of State Warren M. Christopher, who had recommended her to Mr. Clinton, and said she was withdrawing.

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Beirut and Israel Allow Deportee Airlift

Agence France-Press
MARJ AZ ZOHOUR, Lebanon — Lebanon and Israel on Friday accepted a British offer of helicopters to evacuate some deported Palestinians stranded in a no-man's-land.

"The British helicopters cannot, however, fly over Lebanese territory controlled by its military," said a source close to the Lebanese prime minister, Rafik Hariri.

An Israeli Defense Ministry spokesman said in Jerusalem that Israel did not oppose having the International Committee of the Red Cross use British helicopters to reach the deportees.

"We have no objections to chartered British helicopters," the spokesman said.

The repatriation could be carried out as early as this weekend, a Foreign Office spokesman said.

The Palestinians were deported on Dec. 17 for alleged links with radical Palestinian organizations after a wave of killings of Israeli soldiers.

The deportees left their camp in southern Lebanon and marched up to Lebanese lines on Friday to voice their approval of Beirut's policy of not allowing them entry so as to force Israel to accept their return to the Israeli-occupied West Bank and Gaza Strip.

An Israeli newspaper, Ha'aretz, meanwhile quoted a government source as saying that 10 more of the Palestinians had been found to have been wrongly expelled because their cases were still being tried in court at the time.

Rabin Won't Meet Arafat

Prime Minister Yitzhak Rabin of Israel has rejected a suggestion from the PLO chairman, Yasser Arafat, that the two meet for peace talks, Agence France-Press reported Friday from Jerusalem.

"Israel does not negotiate with the PLO but only with the Palestinian delegation from the territories," said a spokesman for Mr. Rabin, Gad ben Ari, stressing that the Israeli position on the issue had not changed.

Mr. Arafat made his appeal on Israeli television Thursday.

Israeli state television interrupted its programs to broadcast a telephone message from Mr. Arafat to the PLO's headquarters in Tunis to "the people and government of Israel."

Yasser Barud, director-general of Israeli television said the channel had wanted to speak to the prominent pacifist Abie Nathan, who was visiting Mr. Arafat in the Tunisian capital, when Mr. Nathan handed Mr. Arafat the telephone to make the impromptu appeal.

AMERICAN TOPICS

Taxis in New York City To Have Cellular Pay Phones

New York City's taxi commission has decided to permit cabs to install back-seat cellular pay phones. Passengers will be able to call ahead, or fill their travel time. For drivers, the phones will have a safety feature that dials 911 — the police emergency number — by simply pressing a button in the front seat.

The first phone-equipped taxis are expected to be on the streets by summer. A call will cost from \$1.20 to \$2 a minute, expensive for a friendly chat, but affordable for anything approaching an emergency.

Both taxi passengers and drivers said they would welcome the convenience and safety. John Dunn, 27, a fashion designer, said, "If I'm stuck in a cab, I can lose a lot of money and a lot of time, because you pay a model by the hour."

Customers will be able to pay only on credit cards as they now do use pay phones in taxis and some commuter trains. At La Gasse, director of the International Taxi and Van Association, said that several U.S. cities had experimented with cellular phones

in taxis several years ago, but that none had caught on, apparently because the costs were too great.

"In New York, the high concentration of businesspeople, the likelihood of unexpected delay and the short travel distances make it much more attractive," he said.

Short Takes

Leo, the lion who roars at the start of Metro-Goldwyn-Mayer films, and the nameless slave who bangs the huge gong at the start of J. Arthur Rank productions, are among film noir's liveliest legends. They have a formidable new rival in Tri-Star's thoroughly updated Pegasus. The previous inanimate drawing of the mythical flying horse is being replaced by a steed galloping and flying toward the audience through a spectacular sunrise. The New York Times concedes that some people "might complain that the horse is, so to speak, superior to the cart." Buffy Shunt, Tri-Star president for marketing, calls it "an incredible 13 seconds of entertainment."

The low-fat hamburger is having a lean time of it in the fast-food business in the United States. McDonald's is the only chain to offer one, and will not say how many it sells, although "we're very pleased about it," it's got a permanent place on our menu board," a spokeswoman for Carl's Jr. said. "It seems the fatter the food, the better it

tastes." A Wendy's spokesman said: "The consumer wants lower fat, lower sodium and lower calories. Oh, and by the way, it better taste great."

A spokesman for Hardee's said, "After spending millions on research, we found, just by listening to the consumer, that people are talking nutrition, but they buy on taste." He added that with "people who are more diet and health-conscious, what we found was that even if their intention was to buy a low-fat hamburger, they opted for grilled chicken.

When Dale Bhumon opened her small store in 1982 to sell trophies and plaques to companies and sports teams around Chester, New Jersey, she called it Academy Awards. Now, a decade later, Hollywood's Academy of Motion Picture Arts and Sciences has sent her a registered letter requesting that she cease and desist from calling her shop Academy Awards. Friends told her she hasn't a legal leg to stand on, so she plans to change the store's name. Andrew H. Malcolm of The New York Times suggested a sign that looks like this:

Looking for a cheap date? During National Book Week, which is just ending, the National Book Foundation and the American Booksellers Association suggested, "Take a book to lunch."

Arthur Higbee

UNION: Meeting Ends Without Resolving the Russia-Ukraine Quarrel

(Continued from page 1) Kazakhstan, Armenia, Moldova, Russia and Ukraine, with Azerbaijan participating as an observer.

Ukraine, together with Turkmenistan and Moldova, has objected to any document that would further bind it to Russia, which remains the dominant partner in the Commonwealth. Several days ago, the president of Ukraine, Leonid K. Kravchuk, said in Kiev that he would "not allow the Commonwealth of Independent States to be turned into a supra-national body subject to international law."

Unable to resolve their disagreement over the nature of their relationship, the Commonwealth leaders prepared two documents on Friday that in effect split the difference — one, a charter, that would promote greater integration, and a second, called a memorandum, that calls for a looser cooperation.

To preserve the appearance of unity, the leaders decided to sign the memorandum jointly, leaving open the option of a more definitive charter — which requires ratification by local parliaments.

Mr. Kravchuk insisted that al-

though Ukraine had not signed the charter, it still considered itself a Commonwealth member. "The Commonwealth is working," he said, noting that all 10 leaders were committed to improving economic relations.

But the meeting underscored the difficulties of maintaining a consensus among states that in the year

since the inception of Commonwealth, have pursued divergent political paths. Uzbekistan, for example, which in recent weeks has moved ruthlessly to suppress the political opposition to President Islam A. Karimov, declined on Friday to sign a declaration on human rights, forcing the issue off the agenda.

that prompted George Bush to order attacks on Iraq during his last week as president.

IRAQ: U.S. Hits Air Defense Site

(Continued from page 1) a step before firing missiles. As part of the conflicting signals from Baghdad, a group of 52 UN weapons inspectors and staff said they were "well received" in Baghdad on Thursday. Nineteen more inspectors and staff arrived on Friday.

The trip was quiet, without incident, said Paul Brown, the American head of a 25-member chemical weapons destruction team.

A dispute over unrestricted travel inside Iraq for UN weapons inspectors, who had been kept out for two weeks, was one of the issues

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Cambodia Could Be Divided

Diplomats Raise The Possibility

The Associated Press

PHNOM PENH — Cambodia could be partitioned after the May elections if the Khmer Rouge guerrilla group does not participate in the voting, the Indonesian and Australian foreign ministers said Friday.

Ali Alatas of Indonesia and Gareth Evans of Australia, who were both active in mediating the 1991 peace agreement on Cambodia, spoke after talks with UN peacekeeping officials and Cambodian leaders amid worries of a breakdown in the peace process.

Next Wednesday is the last day for the Khmer Rouge to register its political party to contest the election. And the UN Security Council has said it will proceed with the polls if the Khmer Rouge does not come on board by Jan. 31.

The Khmer Rouge president, Kieu Samphan, told Mr. Alatas in Bangkok that his group would boycott the election and the peace process.

The Khmer Rouge controls 15 to 20 percent of Cambodian territory and about 10 percent of the population, according to UN officials. The rest is controlled by the Vietnamese-installed government and two other guerrilla groups that are cooperating with the elections.

"We do have to contemplate the possibility, after the election, of some proportion of Cambodian territory not being effectively controlled by those parties contesting the election — maybe of the order of 15 percent, 20 percent," Mr. Evans said.

"We do have to contemplate the possibility of 500,000 or 600,000 out of the 9 million Cambodians, equally, being in those areas," he said.

Mr. Alatas noted that the Security Council decided that because of financial constraints, the election must be held by May as planned. The UN peacekeeping operation in Cambodia, the world body's most expensive, is to cost \$1.8 billion by initial estimates.

"Partitioning is something nobody wants but now, however, time is running short," Mr. Alatas said, adding that they must consider the possibility that the elections would then proceed without the participation of the Khmer Rouge.

"If one faction or one party persists in not participating, then of course you cannot speak of a comprehensive solution," Mr. Alatas said. "Only a comprehensive solution could be lasting."

Mr. Alatas and Mr. Evans were instrumental in the mediation that led to the October 1991 signing in Paris of the Cambodian peace accord. Mr. Alatas co-chairs the international peace conference that provides the framework for the accord. Mr. Evans drew up many of the basic concepts of the peace plan.

Since Monday, Khmer Rouge rebels have held 12 UN personnel in Pailin town, the main guerrilla headquarters in western Cambodia.

Monitors To Be Sent To Haiti

By Steven A. Holmes
New York Times Service

WASHINGTON — The United Nations and the Organization of American States will send a large contingent of human-rights monitors to Haiti in about 10 days, even though questions persist about whether the military-backed government will allow them in.

Dante Caputo, a UN special envoy, said Haiti's civilian and military leaders had agreed to the deployment of the monitors, but added that the size and composition of the delegation, as well as its working conditions, were to be decided by the United Nations and the Organization of American States and not the Haitian government.

"We are not going to negotiate conditions," said Mr. Caputo, a former Argentine foreign minister. "We are not going to negotiate the number. And we are not going to negotiate the selection of the people who are going to be in that mission. That is out of the question."

The sending of human-rights monitors is considered an important opening step in bringing about negotiations between the military-backed Haitian government and the deposed president, the Reverend Jean-Bertrand Aristide, who was ousted in a coup in September 1991.

President Bill Clinton is banking heavily on negotiations to reach a settlement that will stop the flow of Haitians trying to enter the United States illegally. In his presidential campaign, he bitterly criticized the Bush administration's policy of returning would-be emigrants to Haiti, but he has since said that he will maintain the policy, at least while negotiations are under way.



Thai troops watching over a deserted Khmer Rouge refugee camp, which closed Friday after the occupants were repatriated.

Miyazawa's 3 'Pillars' for a New Japan

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Kiichi Miyazawa pledged Friday to expand Japan's international peacekeeping role, improve the economy and restore popular trust in politics.

Addressing the opening session of parliament, Mr. Miyazawa said: "Outward-looking reforms to introduce Japanese initiatives in international contributions, inward-looking reforms to create a better quality of life, and reforms to create politics worthy of the people's trust — these are the three pillars upon which I want to promote change in Japan."

Foreign Minister Michio Watanabe, in a separate address to parliament, supported Mr. Miyazawa's call for a bigger Japanese contribution in both personnel and funds to international peace efforts.

"New types of United Nations operations beyond the mandate of traditional peacekeeping operations are required in some cases," Mr. Watanabe said.

Calling on member nations to respond to the situation, Mr. Watanabe said, "I believe that this is an issue which Japan, as a responsible member of the international community, must take up with all due seriousness."

After a bitter debate last year, Japanese troops were allowed to take part in nonmilitary peacekeeping activities of the United Nations. Japan's postwar constitution strictly limits the activities of its armed forces.

Mr. Miyazawa's showing during the 150-day session of the Diet, or parliament, is a major key to his re-election as president of the Liberal Democratic Party. That post ensures him the job of prime minister because of the party's majority in parliament.

The party vote, scheduled for late September, could be closely followed by a general election that would decide whether the Liberal Democrats retain their 38-year hold on power.

"Japanese behavior today," Mr. Miyazawa told the parliament, "has come to have a major impact on the international community as a whole. We must assume a positive role and responsibilities for the establishment of this new order for peace, commensurate with our enhanced standing."

"We will make our utmost efforts to take part in various international efforts, centering on the United Nations," he said.

He called the state of Japan's economy grim and said the government and private sector must make a concerted effort for recovery.

He pledged to try to revitalize Japan's slumping stock market and said he would speed up his plans to improve the quality of life for Japanese.

Mr. Miyazawa's first task in the current session is to seek passage of the 1993-94 budget by March 31, the end of the fiscal year. He has also promised to submit political-reform bills designed to introduce a less-costly electoral system and stricter laws on political funding.

The newly elected chairman of the opposition Socialist Party, Sadao Yamahana, vowed Friday to continue pressing the government over a scandal involving money and mobsters that dominated the domestic political scene last year.

In October, the scandal toppled a Liberal Democratic leader, Shin Kanemaru, and the opposition now wants to drive his ally, Noboru Takeshita, into retirement. (Reuters, AFP)

Kobo Abe, Acclaimed Japanese Novelist, Dies

By James Sterngold
New York Times Service

TOKYO — Kobo Abe, 68, a literary master whose visions of people trapped by modern life made him one of Japan's most highly acclaimed authors, died Friday of heart failure in Tokyo.

Mr. Abe is known in both Japan and the United States for his 1962 novel, "The Woman in the Dunes," a dark tale of a man who becomes trapped in a pit with a strange woman and struggles to make do while villagers peer in. The movie version won a special prize at the Cannes Film Festival in 1964 and became a cult classic.

His was a threatening world of people who frequently lose their way, struggling against odds to unravel the senseless plots that have left them doomed.

Although he resisted the description, he was often called a Japanese Kafka. In one story, a man finds himself transformed into a plant. In another, a man decides to move into a box to discover a kind of freedom.

His themes shared some of the desolation of Western writers whose sensibilities were shaped by World War II. His landscapes, however, were distinctively Japanese.

At least eight of Mr. Abe's novels, collections of stories and plays were translated into English, making him one of the best-known Japanese authors in the United States, along with Yukio Mishima, a close friend of Mr. Abe's before his suicide.

Mr. Abe, an owl-shaped figure usually pictured behind large, black-framed glasses and puffing a cigarette, was immensely popular in Japan. His publisher, Shinchosha, said he had sold about 9 million books.

He won many of Japan's literary awards and was occasionally mentioned as a candidate for the Nobel Prize in Literature. He founded a theater company in the 1970s and put on productions in Washington and New York.

Mr. Abe was born in Tokyo, but grew up in northern China, which was occupied by the Japanese military throughout the 1930s. (Kobo is the Chinese reading of his given name, Kimifusa.) His father was a

physician, and he eventually studied medicine at Tokyo University, but was an indifferent student and never practiced.

He published his first short stories in the late 1940s, establishing himself as a skeptical voice in a society shattered by its defeat in the war and torn from its roots.

At the heart of his art was what some critics described as a pervasive loneliness as his characters searched for their real and spiritual homes in an inhospitable world.

Marko Rothkoff, 84, an operatic baritone and composer, died Wednesday in Bloomington, Indiana, where he was distinguished professor emeritus of music at Indiana University.

South Africa Bans Rap CD

JOHANNESBURG — Government censors banned a compact disk on Friday by the U.S. rap group 2 Live Crew called "The 2 Live Crew." No reason for the banning was given. 2 Live Crew has been the focus of controversy over its lyrics, considered raunchy and suggestive by many.

Leaking Oil Tanker Is Secured

Fire Continues, but Fear of Environmental Harm Eases

Compiled by Our Staff From Dispatches

SINGAPORE — Salvage experts boarded a leaking supertanker Friday and secured the burning ship to a tug to stop it from drifting, a spokesman for the shipowner said.

Light crude oil poured from one ruptured tank, but officials in Singapore and Malaysia said fears of an environmental disaster had receded because the fuel was easily dispersed and had spilled far from shore. The light crude oil formed a slick about two miles (three kilometers) long and 220 yards (200 meters) wide.

Other tugs battled flames on the port side of the 255,312-ton tanker Maersk Navigator. The salvage specialists planned to spend the night on board, the spokesman said early Saturday.

Salvage workers sprayed the tanker with foam to douse the flames, but the spokesman for the ship's Danish owner, the A.P. Moller Co., said it could take days before the blaze was put out.

Seas were high but winds were diminishing. The tanker, carrying nearly 2 million barrels of oil, was about 100 miles off Sumatra.

The spokesman for the ship's owner said that salvage tugs had been hosing down the blazing tanker since late Thursday, but that "I have no idea when we could attempt to extinguish the fire or when the oil spillage will stop."

The Singapore-registered Maersk Navigator, built in 1989, was en route from Oman to Japan when it collided early Thursday with the 96,545-ton tanker Sanko Honour in the Andaman Sea. The Sanko Honour was empty at the time.

Indonesia and Malaysia had expressed concern earlier on Friday that hundreds of species of birds, animals and fish could be threatened by the spreading oil slick.

Environmentalists said endangered leatherback and hawksbill turtles and the dugong, a herbivorous aquatic mammal thought to be the origin of tales of mermaids, could be at risk.

"We are very, very worried," said Mohammed Idris, Malaysian president of Friends of the Earth. "The consequences could be irreversible."

A Ministry of Transportation official in Indonesia, which has sent two patrol boats and two navy ships to the area to monitor the oil spill, said his country would demand compensation from the tanker owners if there was any pollution.

Indonesia also demanded tougher rules on the size of ships passing through its waters.

But Singapore officials and oil experts said disaster might be avoided if fire fighters managed to

put out the blaze and the spillage was contained to one cargo tank.

The spokesman for A.P. Moller said the fire and oil leakage were so far linked to only one of the ship's 12 cargo tanks. It ruptured after the collision early on Thursday near the entrance to the Malacca Strait, one of the world's busiest waterways between Indonesia and Malaysia.

Singapore's Marine Department director, Teh Kong Leong, said he understood the situation was more or less under control.

Referring to damage in a collision one or two or at the most three tanks that are affected. "But much more damage could be done if the fire spread and there was an explosion, he said.

The spokesman for the ship owner

er said several European pollution experts had been sent to the site to prepare steps to minimize any environmental damage.

"The oil leak has been confirmed as light crude oil, and if it continues to trace in the present direction will break up in the prevailing weather conditions," he said.

Major oil companies in Singapore have been put on alert to be ready to deploy equipment ranging from booms used to corral oil to chemical dispersants.

In Japan, which obtains nearly two-thirds of its imported oil through the Malacca Strait, the minister of international trade and industry, Yoshiro Mori, said at a news conference that Tokyo was ready to help clean up the oil spill. (AP, Reuters, AFP)

Deng Seen on Television For the Lunar New Year

Agence France-Press

BEIJING — China's senior leader, Deng Xiaoping, appeared on television Friday, expressing Lunar New Year greetings on the eve of the year of the rooster and his confidence in the nation's future.

Mr. Deng, 88, was shown in Shanghai in the company of municipal leaders of China's biggest city. In a four-minute report, Chinese Central Television showed him standing alongside one of his daughters wearing his familiar Mao suit, smiling but walking hesitantly.

Mr. Deng last appeared in public in October, after the 14th Communist Party Congress, which endorsed his call of a year ago for quicker, bolder economic changes and re-elected Jiang Zemin as Communist Party chairman.

Mr. Deng is by far China's most powerful leader even though he no longer holds any official post. "I wish a happy new year to the people of Shanghai," he said, and he exhorted them "to seize every occasion" to develop the economy.

To compensate for her father's poor hearing, Deng Nan, Mr. Deng's daughter and private secretary, had to repeat to him remarks made by some of the people he met, notably the Communist Party secretary of Shanghai, Wu Bangguo. Mr. Deng also posed for a photograph with about 100 officials and workers.

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Herald Tribune

Bosnia at Clinton's Door

Circumstances have conspired to confront Bill Clinton and especially his secretary of state, Warren Christopher, with the question of how or perhaps even whether to support the Bosnia peace plan being put forward by the man who was Mr. Christopher's Carter-era State Department chief, Cyrus Vance.

Ordinarily, and especially in this new day of the United Nations, the United States would be rendering vigorous support to a UN regional initiative. But the effort by Mr. Vance for the United Nations and by his British colleague, David Owen, for the European Community involves giving the status of valued negotiating partner to Serbian leaders widely seen as war criminals and accepting in practical terms much of the murderous displacement of Muslims conducted by Serbia with its Bosnian Serb clients. The Bush administration, which did not favor this dubious plan, managed to avoid frontally addressing it, but President Clinton finds it parked directly at his door.

The question is particularly acute for Mr. Christopher. His underlying views on this issue, as on many others, are simply not on the public record, and so it is premature to

say that he has misgivings about President Clinton's stated readiness to consider some evening up of Bosnia's long military odds. But in the past he has identified himself with Mr. Vance's characteristic confidence in a brand of diplomacy that undertakes to remove force from the equation of disputes on the ground. This is the brand whose results are evident in the UN plan. It registers some though not all of Serbian (and Croatian) gains made by aggression, and it denies to the victim Muslims the opportunity they might yet have to bring greater force to bear to diminish their territorial losses and save the lives and homes of their people.

This week the toy Bosnian Serb "parliament" endorsed its warlord leadership's earlier approval of the Vance plan. But it is a highly conditional approval by which Bosnian Serbs plainly mean to continue to cheat on and fight on for their goal of sundering Bosnia, expanding their own turf and joining with Serbia proper. This is the reality Mr. Clinton and Mr. Christopher must address as they weigh whether the UN plan serves American interests and American ideals.

— THE WASHINGTON POST.

Russia Thinks Nuclear

Russia says it is going to embark on an enormous program to develop nuclear power. Last month the cabinet adopted a plan to build some 30 new reactors over the next two decades. But that kind of a plan is unlikely to be carried out. One reason is that Russia does not have the money. Another is that investment in energy would have a much quicker and more efficient payoff if it went instead into the country's neglected oil and gas industry. The nuclear plan is a revealing commentary on the politics of Russia's struggle to reform its economy.

Perhaps one motive is to hold together Russia's highly skilled teams of physicists and nuclear engineers, discouraging them from drifting southward to other countries with different nuclear ambitions and more cash to carry them out. Or perhaps the plan is a move in the rivalry among the bureaucracies in Moscow. But the main purpose is doubtless to meet a rising need for energy by exploiting a highly advanced technology in which many Russians take pride.

Energy is at the center of any strategy for rebuilding the Russian economy, and the government's dilemmas tell you a lot about the process. Russia keeps the price of fuel far below world levels because of the social distress that increases inflation in a cold climate. But because it is cheap, peo-

ple waste it lavishly. And because it is too cheap, it does not generate enough money for upkeep and expansion of the oil and gas fields. The simple solution is to raise prices, but before they do that the Russians have to devise a better social safety net for the people who would be hardest hit — the poor and the elderly.

Even with the current drops in production, Russia is the world's largest producer of gas and, after Saudi Arabia, the second-largest producer of oil. But it could sell a lot more gas to Western Europe if it only carried out rudimentary repairs to its leaking transmission lines. That would be a lot faster, easier and more productive than building nuclear reactors.

There are great possibilities for developing new fields, and Western oil companies could provide the capital. But before the foreign companies come in, Russians will have to settle among themselves a long series of hard questions about ownership, contract law and taxing authority — questions that not only take them into unfamiliar subjects but require them to deal with divisive ideological issues. That is a daunting prospect. It is not surprising that the embattled Russian government is tempted instead to turn to the mysteries of high technology for a solution.

— THE WASHINGTON POST.

Time Is Up for Sessions

J. Edgar Hoover must be spinning in his grave. Imagine the former director of the FBI taking the lashing that Attorney General William Barr administered, hours before resigning, to the incumbent director, William Sessions. "You engaged in a sham arrangement. [Your explanation] does not even pass the 'red face test'.... There is no excuse for your conduct." The penalty: Pay more taxes and reimburse the government for personal expenses disguised as business necessities.

That verdict, and a report that supports it, argue strongly for an end to Mr. Sessions's tenure.

If any of Mr. Hoover's nominal superior officers had used such language during his 48-year directorship, the response would have been a torrent of aspersions on his loyalty. Mr. Sessions, a former federal judge, has chosen a more mannerly response invoking due process: a rebuttal and a complaint that Mr. Barr defamed him with leaks and ill-proven charges.

Mr. Sessions has indeed been abused by leaked accusations and eleven-hour judgments. But the case against him also involves abuse. There is no major smoking gun of criminal conduct, but there is a seemingly endless record of chiseling and expense-account padding.

A 161-page report prepared by the Justice Department's Office of Professional Responsibility says that Mr. Sessions enjoyed fringe benefits but failed to meet widely accepted tax obligations thus incurred. Among those benefits was the use of chauffeur government transportation.

Apart from an unloaded gun in the limousine's trunk, there was little evidence that Mr. Sessions intended to use the vehicle for instant law enforcement.

The report reveals suggestive travel patterns: commercial airline arrangements skillfully planned to make pleasure trips look like professional travel. Mr. Sessions also charged the taxpayers \$10,000 for building a residential fence, and spent hours justifying it as needed security.

The sheer volume of nickel-and-dime transactions is offensive. So, too, are the many hours that the chief of the nation's busiest, most important law enforcement agency devoted to such petty pursuits.

Yet there seems to be another and quite different reason why Mr. Barr is angry with Mr. Sessions, and it speaks well of the FBI chief. He declined to endorse the judge-hating hostility to civil liberties in the Reagan and Bush administrations and refused to attack constitutional safeguards for suspects. He also settled complaints from black and Hispanic agents about the bureau's promotion practices, displaying a concern for civil rights not widely shared in the Justice Department.

In other words, Mr. Sessions's virtues may have fueled the official probe into his vices. Nevertheless, the director generously supplied his detractors with evidence, which the incoming Clinton administration finds "disturbing." Although he is only halfway through a 10-year term, Mr. Sessions should resign, or the president should fire him.

— THE NEW YORK TIMES.

Other Comment

A Decisive American Leader?

The world, looking to America for leadership, both demands Mr. Clinton's energy and fears it. The way to defuse that fear is to link America's money and purpose to the United Nations, so that its foreign forays have multilateral backing, whenever possible. The virtues this president needs to cultivate, above all, are decisiveness and self-restraint. By steadfastness, refusal to make promises and tenacity in his own opinions, America's Mr. Fizz can prove there is more in his mind than political survival: such as the steering of his country, and the safety of the world.

— The Economist (London).

In his inaugural address Bill Clinton spoke of the mystery of American renewal, of the courage to reinvent America. That is typical inaugural rhetoric, something for-

eign to Europeans because there was never an opportunity here to reinvent state and society. In Germany, even 1945 was not an "hour zero," even that new start was based on a foundation laid over centuries. But Mr. Clinton will find it more difficult than his predecessors. "Young" America is in reality the world's oldest constitutional entity. It is not easy there, either, to move walls.

There is also the problem of the would-be architect Bill Clinton. Because of his origins and temperament, he is not one to tear down walls. He would like to please everybody, he seeks applause the way others seek their daily bread. His government team is as finely checked as his electoral rhetoric was. His problem is expectation gridlock. The right arm of his program (cutting the deficit) simply does not agree with the left arm (more state spending). Mr. Clinton's honeymoon with America will not last long.

— Süddeutsche Zeitung (Munich).

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Remove and Store the Warheads, and Do It Now

By Shai Feldman

TEL AVIV — As grave as is the threat to global stability posed by pariah states like Serbia and Iran, it pales next to the damage that could be done by the accidental launching and explosion of a single nuclear warhead. This would result in a catastrophe of untold proportions.

Even if such important steps as the START-1 and START-2 treaties are carried through, it will take many years. The risks of an accidental launching can be mitigated only by an agreement to remove all nuclear warheads from their missiles and bombers, and to store them safely and separately from those vehicles.

The agreement should be negotiated immediately among the recognized nuclear powers — Britain, China, France, the United States and four former Soviet republics, Belarus, Kazakhstan, Russia and Ukraine — and require rapid implementation.

Financial resources and engineering expertise must be mobilized to build the necessary storage facilities. Verification measures should be negotiated later, except for safety requirements, nothing should be allowed to delay this urgent task.

During the Cold War, deterrence

required a high state of readiness and the resulting ability to convey the message that an instant and devastating response would follow any nuclear attack. Readiness required that nuclear warheads be placed at the tip of intercontinental ballistic missiles and in bombers, ready to be "launched on attack," if not "on warning."

Fortunately, this rationale is now void. The Soviet Union is gone and there is no identifiable political conflict between Russia and the NATO alliance. Chinese-Russian relations have also become cooperative. Russia is even selling arms to China. There is some tension between Russia and Ukraine, but not so much as to require the capacity to threaten annihilation.

History has not ended, but at least in the foreseeable future the threat of war between the major powers has been eliminated. A premeditated nuclear first strike by any of these powers against another is now unthinkable. Hence, maintaining the ability to deter such an attack by possessing the capacity for instant retaliation is anachronistic. So there is no justification for the continued arming of de-

could find dangerous outlets one day.

The immediate removal of nuclear warheads from missiles and bombers would be a visible measure of disarmament. This is important, given the approach of the 1995 conference at which the extension of the Nuclear Nonproliferation Treaty is to be negotiated. By carrying out the warhead removal initiative, the nuclear powers would be able to claim credibly that they are complying with the obligations they have undertaken under the treaty to disarm.

Ukraine, Belarus and Kazakhstan may find this proposal particularly appealing. They are torn between their commitment to join the Nonproliferation Treaty as non-nuclear weapons states and the desire — most salient in Ukraine — to maintain some means of deterring Russia. The warhead-removal initiative would allow the three to apply a significant disarmament measure without losing all capacity to deter.

The writer is a senior research associate at Tel Aviv University's Joffe Center for Strategic Studies. He contributed this comment to the International Herald Tribune.

Yes, Democracy in Other Lands Is America's Cause

By A. M. Rosenthal

WASHINGTON — The ruler of a great power had shown kindness and friendship to a new nation. So its leader wrote a letter of appreciation, and wrote of his country's realities.

"Within our territories there are no mines either of gold or silver, and this young nation, just recovering from the waste and desolation of a long war, have not, as yet, had time to acquire riches by agriculture and commerce. But our soil is bountiful, and our people industrious, and we have reason to flatter ourselves that we shall gradually become useful to our friends."

At the inauguration of the 43d president, those words from a letter by George Washington to Sultan Mohammed III of Morocco in 1789 were in my pocket and mind. They possess those qualities that Americans would most like to distinguish their nation and presidents, and which occasionally even dot common sense, dignity, candor, a decent modesty joined to a comfortable sense of self-worth, and, in world affairs, loyalty and faith.

At inaugurations, each of us Americans listens for a word that touches our own sense of national purpose. Most people at the Capitol saw Bill Clinton as a dot. But each had a clear, unobstructed view of himself. The passage I hoped for came toward the end. The president spoke of America's greatest strength, the power of "our ideas," and said: "Our hopes, our hearts, our hands are with those of every continent who are building democracy and freedom. Their cause is America's cause."

Hell-bent for brevity, President Clinton did not explain just why freedom's causes have to be ours. What is it for us?

At least in part he has explained it in other talks. Democracies do not go around slaughtering each other, a fact that tends to increase American longevity. The more democracies that exist, the less American blood is likely to be spilled abroad.

Also, the American system prospers economically and politically in concert with other free nations, even if sometimes we threaten not to drink their white wine.

Dictatorships can be good customers for awhile, particularly for arms. But the stronger the tyranny becomes, the quicker it presents a political price that the United States cannot pay — Imperial Japan, Nazi Germany, the Soviet Union, or Saddamite Iraq. Why we expect Communist China, with its burgeoning military might, to be different is a puzzle, unless we again put cash registers ahead of international security and individual freedom.

Political freedom may not be "our" idea and certainly was not during slavery. But Mr. Clinton was right: It is our greatest strength abroad.

I have lived in nations oppressed by Communist despotism and nations oppressed by poverty. Almost every day, the longing for the freedom America represented could be touched. Poles three

roses in the path of Richard Nixon because he was the vice president of the United States. In India, college students filled lecture halls to hear almost every visiting American, roses of attention.

The hopes of and for America often had cost to those who held them. In every war, every crisis, the United States asked the help of other peoples. It was given in belief that political freedom was transferable and that the United States would be its conduit. Without that trust, for most of the world the United States would be just real estate.

American "pragmatists" warn that democratic idealism will make us the world policeman. Not if we have any judgment it won't. Sometimes American armed power is necessary — with or without the United Nations, which is supposed to expand freedom's boundaries, not confine them. But mostly freedom fighters plead not for U.S. troops but for food, medicine, a political arm around them.

To Mr. Clinton and his chief of staff, Thomas McLarty, Freedom's causes need supporters in the administration. The transition has squeezed most of them out — a dangerous invitation to cynicism.

To journalists: We are the last people who can justify becoming automatic cynics. The whole beauty of journalism is that every day we get another crack at the story, to get more information, assuage cruelties, adjust our heads, correct mistakes.

Maybe Bill Clinton can make that the whole beauty of being president, who knows?

The New York Times.

Long Live His Presidential Highness, for a While

By William Pfaff

PARIS — An American presidential inauguration is a coronation for a season. The president is king for four years, eight if he is lucky — which most recent presidents have not been. The crowning of the president has made regime a republican necessity. Ronald Reagan is the only modern president who has not left office symbolically slain by the people.

Harry Truman was the last to conduct himself in the old republican way,

unresistible accumulation of ceremony around the Cold War presidency that elevated the president to the place he now occupies. The ceremony increased despite the fact that the power of the president decreased, in every area except the power to make war.

The accumulation of ceremony made the White House more like a court, while the protection of the president, and symbolically, of the nation's nuclear potency, has surrounded him with widening (and egobuilding) rings of security guards.

The result of this has been more and more to isolate him from the public. He now deals with the people through the medium of television, an apparent gain in intimacy but an actual loss of the real intimacy that existed when Truman played poker with that era's handful of White House reporters.

This isolation was one reason Mr. Bush lost the election in November. He had spent too long within his bubble of security and ceremony. It is an isolation Bill Clinton wants to avoid, which is why he has given so popular and populist an inauguration party.

Mr. Clinton is not likely, however, to be able to escape this monarchizing — if we can call it that — of the presidency, the turning of the president and his family into celebrities, and what is worse, into show-business celebrities. The Clinton inauguration was all show business. The president should reflect on what happened in Britain when the royal family became celebrities.

Being a monarch is dangerous. The fundamental function of the monarch is sacerdotal. The king or queen is God's intermediary in dealing with a given people. That is what dynamic rule and the divine right of kings were all about. It is why Queen Elizabeth

was anointed with sacramental oils at her coronation, and was made the head of the Church of England.

Today, while what once was taken to be the reality of this sacerdotal role now is accepted as symbolism, the symbolism itself remains extremely powerful. Prince Charles, the Prince of Wales, has probably sacrificed his succession to Britain's crown, and may even have destroyed the monarchy itself in Britain, because his marital difficulties and the publication of a coarse sexual conversation have robbed him of this sacramental potentiality, this potential priesthood.

No one thinks Charles worse than some of his predecessors, but the mediating of the monarchy — and the British royal family's making of themselves into celebrities — have eliminated that distance between monarch and people which in the past made the king's sins private.

The day following Mr. Clinton's inauguration was, coincidentally, the 200th anniversary of the execution of King Louis XVI, beheaded in the Place de la Révolution (the present Place de la Concorde) in Paris in front of what now is the Hôtel de Ville. Why was he killed, in what manner all agree was a judicial murder? He was an inoffensive man and a relatively enlightened monarch. He had to be killed because to create a republic the sacramental connection of people to God had to be broken, repudiated, by an act of violence. So long as the king lived the sacrament of kingship existed.

This is why I say that being a monarch is dangerous. When the American president was, as the old usage had it, the first "magistrate" — a civil official — he was safe. He could leave office — he was safe. No one wanted his

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Khedive's Crisis

CAIRO — The political situation is considered critical, and unless stringent measures are taken by the British Government there seems no doubt we shall be involved in an Egyptian question much more serious than heretofore. During the past week intense excitement has prevailed and still continues throughout the country. The Khedive is young and inclined to be arbitrary. Incited by anti-English advisers, he is disposed to take steps which are contrary to his and his country's welfare.

1918: Snowfall in Fez

FEZ — Snow fell in this old Moroccan city and the oldest inhabitants remained indoors, for everyone was looking for him to ask what it all meant. The dwellers of Fez ran joyously through the white-carpeted streets, trying to catch snowflakes. The children rolled in the snow, patted it, picked up handfuls and ate

The Straits Are Not Protected

By Michael Leifer

LONDON — Prime Minister Mahathir bin Mohamad of Malaysia has acquired notoriety as an abrasive advocate of Third World causes. There is a tendency in the West to discount his prescriptions as political self-indulgence. However, his recent call for ships using the Straits of Malacca and Singapore, one of the busiest international waterways in the world, to pay a toll to finance improved navigation and safety measures should be very seriously considered.

The oil spillage and fire following Thursday's collision between two tankers near the northern entrance to the straits only underline the need for urgent action.

In the last 12 months, a series of collisions in the straits that run between Indonesia, Malaysia and Singapore have caused loss of life and pollution. They call into question the viability of the general maritime regime for straits as well as the system worked out specifically for the Straits of Malacca and Singapore in 1977.

The latter, which extend some 600 nautical miles, provide the shortest sea route between the Indian and Pacific oceans. They are a vital sea-lane supply line for countries such as Japan, South Korea and Taiwan that depend heavily on imports of crude oil from the Gulf. But the straits constrict to a point only 3.4 miles wide in one section opposite Singapore. They are also relatively shallow and increasingly congested.

Concern about safety of navigation in the straits became an issue in the early 1970s with the increase in size and number of oil tankers plying between the Gulf and Japan. In the context of international negotiations for a new law of the sea, Indonesia, Malaysia and Singapore took it upon themselves to work out a traffic separation regime that would reduce the risk of collision. An agreement was concluded in 1977 incorporating two major provisions: first, that vessels in passage should maintain a minimum under-keel clearance of at least 3.5 meters; second, that a traffic separation plan should be established for shipping on a voluntary basis.

That regime provided a nucleus for a general regime for straits used for international navigation. It was incorporated in the UN Convention on the Law of the Sea enacted in 1982. A new principle of transit passage was introduced providing an unimpeded right, with no financial charge, to all ships proceeding through such straits on certain conditions, one of which was prevention of collision and pollution.

But the number and size of vessels using international straits, and the often hazardous nature of the cargoes they carry, have increased dramatically. An average of some 200 large merchant ships ply the Straits of Malacca and Singapore each day, together with an armada of about 1,800 smaller craft, including fishing trawlers. (In addition, piracy in some sections of the straits and surrounding waters has revived to an alarming degree in the past few years.)

The latest collision underscores the need to work out ways for safer traffic management. Clearly, a self-policing system is no longer adequate to cope with the growing volume of shipping. The recent spate of accidents are evidence of abuse by users. Such license is not tolerated in the air; it should no longer be tolerated at sea.

The issue has come for the Straits of Malacca and Singapore, at least, to be treated much like a canal, with dues charged to cover the cost of navigation aids, and introduction of trained pilots to ensure that traffic separation is strictly observed.

Objections to a compulsory, fee-based regime of passage will almost certainly arise on grounds of expense and delay. There will also be concern that a precedent is being established that will pose a general threat to freedom of navigation. Singapore, for example, is almost certain to be reluctant to approve any change that might constrain access to and from its free port.

Such objections should be strongly resisted because of the overriding imperative of maritime safety, which has been neglected at obvious human and environmental cost in Southeast Asia.

The so-called new world order promised with the end of the Cold War is predicated on international community values. They should be applied and upheld rationally in the case of the Straits of Malacca and Singapore, with the lead being taken by the major maritime powers.

The writer, professor of international relations at the London School of Economics and Political Science, contributed this comment to the International Herald Tribune.

سپکا من الامل

FASHION

Couture Winds of Change Increasingly, Financiers Call the Shots

By Suzy Menkes International Herald Tribune

PARIS — A whirlwind is tearing through French haute couture. The spring/summer collections open Saturday, four days after the dramatic announcement that the house of Yves Saint Laurent had been taken over by the state-owned Elf-Sanofi. A great designer has now become institutionalized.

On Thursday, Oscar de la Renta will make couture history as the only American designer to head a Paris house when he unveils his first show for the flailing house of Balmain. And in a scarcely credible round of musical chairs, the former Balmain designer Erik Mortensen makes his debut for Jean-Louis Scherrer Monday, after the house fired the designer whose name is over the door. Scherrer is currently taking the legal steps to fight his dismissal last month. Rumors in Paris, denied by both sides, claim that Marc Bohan, former designer for Dior, is being solicited by L'Oréal, which has skipped haute couture since it flung out the modernist Claude Montana in January 1992.

At Givenchy, the new director-general, Richard Simonin, is negotiating layoffs for 36 staff members. And the president of LVMH Moët Hennessy Louis Vuitton, Bernard Arnault, warned this month that the group's revenue will be down, in spite of an "outstanding performance" for Dior and Givenchy perfumes, because of restructuring at Guinness PLC, in which LVMH holds an interest. Paris sources suggest that Arnault, owner of Dior, Givenchy and Christian Lacroix, may become a media mogul by bidding for Robert Hersant's press empire, which includes the daily Le Figaro.

The good news for couture is the Tokyo wedding of the Crown Prince Naruhito to Masako Owada, which is expected to boost the sluggish Japanese market. Hanae Mori, who celebrates Tuesday her 15th year showing as part of Paris couture, said Friday that clients in Japan and Europe are already ordering dresses for the wedding, slated for late May or early June.

Paris is also abuzz with talk of a royal marriage for Prince Albert of Monaco in 1993. This could be either with supermodel Claudia Schiffer, as trumpeted again in Paris Match this past week, or with Suzanne Alchinger, a Lacroix model whom Albert is dating. Either way, royal marriages are good for the couture business. Gianni Versace, who is showing his Autumn line Saturday and picks up the International Designer of the Year award from the Council of Fashion Designers of America Feb. 1, is also getting into the bridal business. He has designed the dress for the Jan. 31 wedding of Karl von Habsburg and Francesca von Thyssen-Bornemisza, who is expected to Versace's show.

A SIGNIFICANT 10-year milestone is also reached this season by Karl Lagerfeld, who took over at Chanel in January 1983. Contrary to claims that he is bored or about to quit, Lagerfeld said Thursday that he has signed up for another six years, taking the designer to age 60 and Chanel to the brink of the new millennium. "Please, no 10 years of..." says Lagerfeld. "The funny thing is that in these 10 years so many people tried to do what Chanel did, telling the world they would even do better, but it never worked. The drama is, they have no Alain Wertheimer. It is not only money," Lagerfeld praises generously the two Wertheimer brothers, owners of Chanel, who give no interviews and reveal no figures about the privately owned company. They have provided the environment, not to mention the means, for Lagerfeld to flourish, while elsewhere there are public clashes between financiers and couturiers, and many, according to the embroiderer François Lesage, are being asked to cut back costs and the number of outfits.

Lagerfeld's unique genius has not been in the clothes that he has designed, but in his ability to hold up a mirror to changing fashion. He reflects that in his Chanel collections and that attracts media attention, while keeping at the same time a basic product (the Chanel jacket) that appeals to clients and can be commercialized. Haute couture, once a simple business of serving rich ladies, now requires enormous investment to market the house image globally. Hence, the marriages with financial investors, who then demand bottom-line results. The designer inevitably loses control. Saint Laurent and his partner, Pierre Bergé, have now signed away perfumes and cosmetics, while retaining control of the couture business until 2001. Otherwise, Emanuel Ungaro and Valentino (with a staff of 146 in his Rome



Oscar de la Renta with a first design for Balmain.

attiers) are the only couturiers with international clout who remain in total charge.

It is a myth that no longer exist for the rarefied haute couture. The rich are always with us, especially during a recession—the only difference is that publicity-seeking nouveau riche now consider couture politically incorrect.

Offstage, the wealthy buy, mostly in total anonymity. Nabila Khattabi went public for her December wedding. The house of Jacques Fath made her a white crepe, crystal embroidered dress and matching coat smothered in white fur.

Christian Lacroix made 18 wedding dresses in 1992, all major work-of-art creations, which helped push up couture revenues by 13 percent, according to a spokesman for the house. Lesage believes that the "very confidential" commissions he does, especially for Lacroix, Gianfranco Ferré at Dior and for Valentino, are "more the future of couture."

"And it is not just the wedding gown," says Valentino's partner, Giancarlo Giammetti. "For the princesses in the Gulf states there is also the toba, the previous evening, in which she wears a djellaba with beautiful embroidery."

These elaborate wedding gowns, costing up to \$100,000, are never publicly seen.

"And in a way, it should be private," says São Schlumberger, a client of Chanel, Saint Laurent and Lacroix, who has just turned down a request from a television station to follow her round the couture shows. As a client, she resents the media circus and the fact that houses "give front-row seats to people who don't buy—that's very offensive."

Couture houses pack shows with film stars precisely because real clients do not want to be used as publicity fodder. Or—like Rosane Collor, wife of Fernando Collor de Mello, the disgraced former president of Brazil—they dare not be. Hélène de Lidinghausen, Saint

Laurent's haute couture director for 22 years, has the cream of classy clients and says that she made it a deliberate policy to discourage one-off fancy dresses in favor of loyal clientele. Seventy percent of YSL's couture business is in tailored dresses, including the famous turtles. She describes the ideal client as "women who have a sense of quality in them" and not "an Ivana Trump, who likes being on stage."

A Paris couturier is caught in a triple bind: either to make politically correct low-key clothes that are ignored by the press; or to dress super-rich (but not famous) clients; or to put on a show to attract media attention that has nothing to do with selling clothes to clients.

The cost of the semiannual couture shows runs at a million dollars each and has traditionally been put down on the publicity and promotional budget. But financiers have realized that there is no guarantee of coverage. By contrast, for the same spend, Gianni Versace's current advertising campaign has generated magazine covers and editorial layouts on the strength of stunning pictures by Richard Avedon.

The deep-seated drama for couture is that no young blood is coursing through. The new kid on the block is Oscar de la Renta, 60, who has attracted enormous goodwill from Parisian society and from his loyal American clients, all of whom, led by Mary Curley, wife of the U.S. ambassador to Paris, will be at the Balmain show.

A triumph would be a personal accolade, yet it is hard to see what de la Renta's success could do for Balmain, whose reputation rests firmly on its past glory.

Lagerfeld, who has always been flippant, not to say downright dismissive of Coco Chanel, sets out his own approach to couture and his fashion philosophy in the words of Goethe: "Es gibt kein Kradler auf die Vergangenheit." There is no credit in the past.

ART

Old Masters Brush Off the Recession

NEW YORK — For auction addicts, it's great news from America. The art market has shaken off its gloom and is cracking wide with activity. The traditional early winter sales of Old Master paintings last week revealed an eagerness to buy anything rightly priced that had not been perceptible since the crash in the fall of 1990.

It might not have been obvious to outsiders at Christie's, where the two-day binge started as a lightweight affair—107 pictures, out of the 178 that were offered, sold for \$4.7 million, a relatively modest total. The 71

SOUREN MELIKIAN

failed works could have been interpreted by those who had not glanced at them as an indication of hard times. But to professionals, the session flashed a very different message.

They were surprised and cheered to see formal portraits by little-known artists finding niches. It started with the self-portrait of a painter once thought to be Nicolas de Largillière and now recognized as the lesser Jacques-François Delyen. Datable to 1740 on the basis of a variant in a French museum, the Delyen sold comfortably for \$46,000.

More encouraging still is the success encountered by a painting of a patrician, stern and stiff in his black costume and white ruff. The portrait used to be admired as the work of Antonio Moro in the Corcoran Gallery of Art in Washington before getting a less exalted label, that of his Flemish follower Adriaen Thomas Key. The museum dispatched it to Sotheby's, where it brought \$44,000 on April 7, 1989, at the height of the market. Few expected it to go up to \$68,500 this time.

Soon, it became clear that only duds or blatantly overestimated pictures crashed along the way. No one, for example, took the slightest interest in the interior of a Gothic cathedral done in 1648 by Pieter Neelfs, who was better at drawing lines with a ruler than at wielding his brush. Its failure to sell as the hammer went down at \$8,500, despite its provenance, the Boston Museum of Fine Arts, which was unloading it with other unwanted pictures, is a sign of the times. Labels barely matter now that the speculators are gone. It is the art that counts.

Nor does it have to be great. A whiff of novelty can do the trick. Leonardo Coccorante, the 18th-century painter of imaginary landscapes, is among the more recently rediscovered artists. A coastal scene in stormy light with improbable Roman ruins on a less exalted label, that of his tiny sailors are dramatically tossed about sea, sold brilliantly at \$85,000. There was greater excitement still over Jacopo Ligazzi's "Christ Carrying the Cross." The difficult subject is well painted in a Caravaggesque mode, which is now much sought after. Never illustrated until the Jan. 14 sale catalogue came out, it created a surprise effect that sent it zooming to \$107,000.

In this context, where anything good generated competition, the two prizes in the sale did extremely well. Jacob Marrel is a rare and fascinating artist. His bowl of flowers, signed with initials and dated 1647, betrays the German painter's training as a botanist. The flowers are rendered with a precision that even the Dutch, among whom he spent the better part of two decades, do not attain. They could have been chiseled by a goldsmith.



Sold for \$2.4 million, this work set a record for a portrait done by an unidentified artist.

Coupled with that cool handling is an insidious sense of threat. Two lizards poised on the sculpted stone ledge supporting the vases are ready to dart. A tiny reflection of the artist's face is visible in the glass bowl. Distorted by the curvature, it is made more disturbing by the thorny stalk of a rose, which seems to run through the head. Formally close to Dutch art, the picture could not be further removed in feeling. It has all the ferocious energy of its German forbears. At \$365,500, close to the high estimate, it was a great buy.

So was a still life by Pieter Claes dated 1635. The composition is all about brilliance—the subdued sheen of pewter, the gray transparency of glass, the yellow glitter of white wine and the honey-colored beer with a crown of froth. Each one of the few objects is set off by the others in color and texture. This is Dutch still life at its most restrained, in time suspended with a Vermeer-like touch. It seemed almost inexpensive as it went over the high estimate, up to \$805,000.

The stage—on the mood—was set for Sotheby's sale the day after. Vastly superior in quality, it was also larger—188 pictures out of 285 offered brought an aggregate

\$12.4 million. Yet, interestingly, the same pattern repeated itself. Good paintings sold, however modest their scope, as long as the estimate was right. A replica of Simon Vouet's "Judith with the Head of Holofernes," probably done not long after the original was executed about 1620-21, could have failed in a wobbly market. Instead, it found a buyer at \$23,000. So did one of many copies of Georges de la Tour's "Saint Sebastian Tended by Irene," at a substantial \$60,500.

Minutes later, a fragment of a painted Cross showing the head of Jesus tilted to the left, eyes cast down as blood trickles underneath the Crown of Thorns, could have remained unsold. Sotheby's estimate was a prudent \$12,000 to 16,000. But at the sight of a genuine Giovanni di Paolo, the 15th-century Sienese miniature, connoisseurs could not hold themselves back. The fragment, hotly disputed, went to a Venetian dealer, Beppe Pastucci, who paid \$87,750 to get it.

When the more important paintings began to come up, shortly after, there was a surge of enthusiasm. It started with a sensational discovery, a hitherto unrecorded Crucifixion by Jacob Cornelisz van Oostmaen, a rare Dutch primitive. Dated 1507, the Crucifixion is one of only 12 dated works by the artist, who spent most of his life in Amsterdam and is the first identifiable painter established in that city. The important icon climbed far above its high estimate and ended its course at \$607,500, courtesy of an American collector.

Next came two landscapes from a set of six by Paul Brill on the theme of the Twelve Months. One of the two, "January-February," was done by Brill while in Rome. It shows the Piazza del Popolo before its reconstruction in the Baroque age. This unique document, signed with the artist's device, a pair of spectacles—"bril" means just that in Flemish—is, in addition, fully documented from the time Thomas Howard, the earl of Arundel, acquired it in Rome in 1626. A fierce contest between European collectors sent it shooting up to \$266,500, doubling the high estimate.

It served as a prelude to the even more determined duel that pitched an English dealer against a New York dealer over Jan Davidsz de Heem's beautiful still life. Last reproduced in a sale catalogue in 1912, the de Heem was not in mint condition, but once again the surprise effect worked. At \$1.54 million, three times the high estimate, it could not have done better.

The real surprise was yet to come. As one went around the viewing before the sale, one picture leaped off the walls, the portrait of a man praying painted on a panel with light strokes of white gouache over blue, reminiscent of a technique used for drawings. The sitter's identity is established in Gothic gold lettering, "Jakob Hübner," a Flemish composer who died from the plague in Ferrara in 1505. The artist's style falls somewhere between that of Hans Memling and of the Maître de Meulan. The Kimbell Museum of Art in Fort Worth, Texas, came out on top in a staunch contest against the Paul Getty Museum, setting a world record for a portrait by an unidentified artist at \$2,422,500—four times the high estimate.

Never mind the numerous unwanted duds and a few failed pictures due to overestimation. It was a good day for the Kimball, for Sotheby's, and for the connoisseur. These are now in full control. Where Old Masters are concerned, the slump is over.

The Human Body, Painted and Prefabricated

By Michael Gibson International Herald Tribune

PARIS — Three current exhibitions in Paris are devoted, quite coincidentally, to the representation of the human body.

The Musée Rodin is showing through April 11 a collection of items that had long been kept in Rodin's studio in Meudon, and which reveal how the artist worked serially at his numerous sculptures by combining "prefabricated" limbs, heads and torsos. The Picasso Museum is devoting a small but illuminating show to the artist's representations of the Crucifixion and to some related works by Francis Bacon, Willem de Kooning, Graham Sutherland and Renaio Gutus. This exhibition, "Corps Crucifiés," exhibition ends March 1, and then travels to the Museum of Fine Arts in Montreal (March 26 to May 16). And the Musée de la Seine is presenting a choice of 100 mordant and powerful drawings by Egon Schiele (to Feb. 27).

The Picasso show includes 34 works related to the Crucifixion, drawn or painted by Picasso between 1892, when he was 12, and 1962. It is in exhibitions such as these that one senses how thoroughly the old formalist approach to art has been replaced by one that takes into account the constantly renewed attempt of each society, made visible in art, to redefine man's fate and his position in the world.

In a conversation with André Malraux, Picasso explained that he did not believe in artistic "subjects," but that he did believe in "themes, provided they are expressed through emblems." Themes, in his view, included such things as "birth, pregnancy, suffering, murder, the couple, death, revolt, possibly the kiss."

The Crucifixion also seems to have been such a theme, and one may be struck by the way Picasso, in his series of Crucifixion drawings done in 1932, renders his subject through an assemblage of forms somewhat reminiscent of dinosaur bones. Here, as in most of the work of Picasso's maturity, and as in the work of artists who came after him, like Bacon (for instance, one notes the fearful fragmentation of the hu-

man form, which has, since then, become something of an academic stereotype.

This fragmentation is particularly striking in the Crucifixions, which are traditionally supposed to signify the suffering essence of man.

The figure of the suffering self, which was eloquently expressed in the crucified figure for close to 2,000 years, has naturally been eroded by overuse. It has also been eclipsed in the collective imagination by the enormity of more recent horrors, including the death camps and Hiroshima.

Bacon, for instance, chooses not to represent the Crucifixion itself in a triptych, but only three figures at the base of the Crucifixion. But these monstrous figures express a suffering so horrifying that it suggests that the unseen victim that

hangs above them is quite beyond expression.

Viewing the Rodin exhibition after the Picasso can be rather disquieting. Some 260 miniature arms, legs, heads and torsos were recently inventoried in Rodin's studio in Meudon. These he assembled, like a child assembles building blocks, before passing them on to craftsmen who enlarged and executed them for him.

The very notion of such a quasi-industrial approach to artistic creation may seem alien to the passionate vigor we associate with Rodin's production. Yet, there they are, all these little limbs, executed in plaster after original works by Rodin, but destined to be re-used in various combinations and permutations, in later works.

Egon Schiele died of the Spanish flu in 1918, at the age of 28. He had studied under Gustav Klimt and evolved a highly individualistic, incisive idiom of his own that etched each feature in acid. It is typical that a baby, in one of these portraits, should have the long, arachnean fingers of a monkey. It is typical, too, that Schiele occasionally gave as much prominence, both in color and graphic detail, to the genital as he did to the face.

There is, inherent in his style, a slightly perverse erotic irony that both prays and derides the body he depicts, stressing its quasi-similarity to an anatomical exactness. This, plus his fantastic virtuosity, provoked the lovable but utterly implausible Viennese schmalz of his day.

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auctions sales IN FRANCE PARIS DROUOT RICHELIEU 9, Rue Drouot, 75009 Paris - Tel: (1) 48 00 20 20. Tuesday, 26 January Room 8 at 2 p.m. FURS, MILLON-ROBERT, 19, rue de la Grange Baudouin, 75009 Paris. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 98. Wednesday, 27 January Room 1 at 2 p.m. FURNITURE and OBJETS D'ART, MILLON-ROBERT, 19, rue de la Grange Baudouin, 75009 Paris. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 98. Room 8 at 2.15 p.m. COLLECTION OF BOTTLES, PANS, PERFUME BOTTLES, LACQUERED SNUFF-BOXES. Public viewing: Wednesday 27 January from 11 a.m. to 6 p.m. LOUDMEB, 7, rue Rossini, 75009 Paris. Tel: (1) 44 79 50 50. Fax: (1) 44 79 50 51. Friday, 5 February Room 5 at 2 p.m. COLLECTION OF DECORATIONS AND MEDALS FROM ALL EUROPEAN COUNTRIES, RUSSEY-BARON, 5, rue de Provence, 75009 Paris. Tel: (1) 42 46 00 77. Fax: (1) 42 23 22. Saturday, 6 February Room 9 at 2 p.m. THE WORLD OF RUSSIAN ART. Graphic art, sculpture, paintings, 1948 - 1992. DELAVALLE-LAFARGE, 26, rue Bergère, 75009 Paris. Tel: (1) 47 70 45 96 / 42 46 28 82. Fax: (1) 45 23 18 92. Room 8 at 2 p.m. BEAUTIFUL JEWELRY, MILLON-ROBERT, 19, rue de la Grange Baudouin, 75009 Paris. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 98. Thursday, 28 January Room 1 at 2.30 p.m. MODERN AND CONTEMPORARY PAINTINGS: AGAM, ARMAN, BAUCHANT, BOMBONI, BRAYER, COCTEAU, COTTAVOZ, CROSS, CSAKY, DUFY, FASSIANOS, FOJITTA, HELJON, LAPICQUE, LEMPICKA, MODIGLIANI, PASCIN (25 works on paper), RENOIR, VILLON, ZIEM. Public viewing from 11 a.m. to 6 p.m., Saturday 6 February from 11 a.m. to 6 p.m., Monday 9 February from 10 a.m. to 1 p.m., Exhibition at Drouot: Tuesday 9 February from 11 a.m. to 6 p.m., Wednesday 10 February from 11 a.m. to 12 a.m. Catalogue on request from auctioneer: FF 33, LOUDMEB, 7, rue Rossini, 75009 Paris. Tel: (1) 44 79 50 50. Fax: (1) 44 79 50 51. Saturday, 20 February Room 9 at 11 a.m. and 3 p.m. A PACIFIC LIBRARY: Collection of KILLIAN FITZGER. Public viewing only at LOUDMEB: from 11 to 12 February, 10 a.m. to 1 p.m. and 2 p.m. to 6 p.m. From 15 to 18 February, 10 a.m. to 1 p.m. and 2 p.m. to 6 p.m., on 19 February 10 a.m. to 1 p.m. Catalogue on request at auctioneer: FF 700, mail order: FF 780, Europe: FF 800, other countries: FF 900, LOUDMEB, 7, rue Rossini, 75009 Paris. Tel: (1) 44 79 50 50. Fax: (1) 44 79 50 51.

Christie's GERMAN AND AUSTRIAN WEEK 17-21 MAY 1993 In 1993, Christie's will mark its long association with German and Austrian works of art with a week of special sales in London in May. Since 1766, when James Christie held his first auction in London, Christie's has had a remarkable record of successful sales. German and Austrian week will begin on 17 May 1993 and will include sales of Old Master, Modern and Contemporary Paintings, Drawings and Prints, Books, Manuscripts, Musical Manuscripts, Furniture, Silver, Ceramics, Clocks, Sculpture and Works of Art, Miniatures, Arms and Armour, Coins, Medals, Stamps and Wine. If you would like further information, please contact Kate Eckert in London on (4471) 389 2129 or Birgit Seynsche-Vautz in Düsseldorf on (49211) 498 2986. Christie's 8 King Street, St. James's, London SW1Y 6QT Tel: (4471) 839 9060 Fax: (4471) 839 1611

The Straits Are Not Protected

MARKET DIARY

Cyclical Issues Lead A Modest Advance

NEW YORK — U.S. stock prices rose modestly Friday in heavy volume as investors snapped up cyclical issues in such industries as steel, autos and technology. The Dow Jones industrial average, pulled back from its highs by a late bout of computer-driven sell orders, gained 3.79 to 3,267.81.

starts for December at their strongest in nine months. Shares of steel manufacturers soared. The Standard & Poor's group of six steel shares is about 7 percent higher in the past two days, to an all-time high of 70.21.

Dollar in Technical Fall, Tensions Fade in ERM

NEW YORK — The dollar slipped below 1.60 Deutsche marks Friday for the first time this year, while a continued easing of tensions in Europe's currency grid enabled Spain to cut interest rates.

of the peseta," said Antonio Pulido of the FG Inversiones brokerage in Madrid. The punt was barely changed at 2.6590 DM, while the French franc slipped slightly to 3.3818 to the mark from 3.3777.

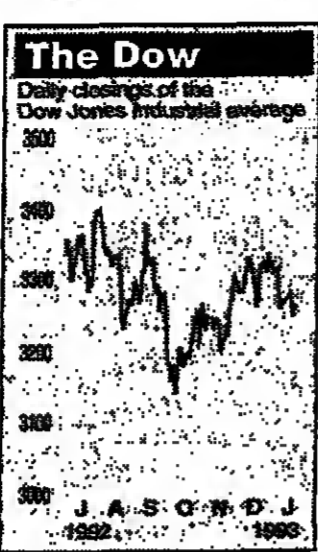


Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks.

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Table titled 'Dow Jones Bond Averages' with columns: Class, Chg.

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Investors Cheer Wal-Mart Stock Split

NEW YORK (Reuters) — Wal-Mart Stores Inc. split its stock 2-for-1 on Friday and its shares shot up \$3 to close at \$62.50, a rise analysts said was largely due to buying by individual investors cheered by the split.

USG Reaches Accord to Pare Debt

CHICAGO (Combined Dispatches) — USG Corp. announced Friday that it had reached agreement with its creditors to restructure \$2.7 billion in debt and dramatically lower interest rates on bank loans.

Checchi Stepping Down at Northwest

NEW YORK (NYT) — Alfred A. Checchi, who led the investor buyout of Northwest Airlines in 1989 and expanded the airline through turbulent times, plans to withdraw from running the carrier after completing several key financial steps, airline executives familiar with the planned changes said Friday.

California Pension Fund Picks Targets

SAN FRANCISCO (Reuters) — The California Public Employees' Retirement System said Friday it was targeting 12 companies to improve shareholder returns and had already reached agreements for change with more than half of them.

Texas Instruments Swings Into Profit

DALLAS (AP) — Texas Instruments Inc. said Friday it had earned \$78 million in the fourth quarter of 1992, completing a yearlong turnaround from losses. The chipmaker's net income compared with a loss of \$85 million in the same quarter a year ago.

£700 Million for Jaguar

LONDON — Ford Motor Co. has decided to invest £700 million (\$1.1 billion) in its British subsidiary Jaguar Cars during the next five years to develop new models and modernize factories, Jaguar said on Friday.

WORLD STOCK MARKETS

Table with columns: Market, Class, Prev., High, Low, Last, Chg. for various international stock markets including Amsterdam, Helsinki, Johannesburg, London, Frankfurt, Zurich, Singapore, Stockholm, Toronto, and Montreal.

U.S. FUTURES

Table with columns: Section, Class, Open, High, Low, Close, Chg. for various U.S. futures markets including Grains, Metals, Lumber, and Cattle.

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The Straits
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Lure of Banking in Germany EC Banks Can Enter Now, but Not Easily

By Sarah Utley
AFP-Euro News

FRANKFURT — New European Community banking rules adopted Jan. 1 will encourage foreign banks to set up shop in Germany, but will not remove all the hurdles that banks face in trying to penetrate and operate in the German market, analysts and industry sources say.

High corporate taxes, strict capital-adequacy requirements and an abundance of retail banks for foreign banks, they say.
At the same time, foreign banks "can't afford to miss out" on profit opportunities in Europe's largest economy, said Beatrix Eisenblatter, analyst at Schröder Mitthelmeyer Hengst.

Despite the economic slowdown in Germany in 1992, most German banks showed rising profits because they manage more than 1.6 trillion Deutsche marks (\$993 billion) in financial assets owned by companies and households.

The new EC banking regulations are opening the door to this market a crack wider. They give every bank in the Community the right, or a so-called "European passport," to set up a branch in Germany without conforming to German capital requirements and banking regulations. A foreign bank's branch is now regulated mostly by its home banking legislation.

However, despite the harmonization of EC banking rules, such a branch is still not allowed to trade securities or conduct retail business in Germany. If its home-country laws prohibit universal banking, also, a foreign bank's branch pays higher taxes in Germany than a subsidiary incorporated under German law. Taxes on branches in Germany are considerably higher than in any other Community country.

On the other hand, an incorporated subsidiary must meet the Bundesbank's stringent requirements on providing security against its leading risk exposure. These requirements are far more costly than elsewhere in Europe and can tie up more than 8.4 percent of a bank's capital.

At present, 180 foreign banks operate in Germany, with an estimated market share of 5 percent and total business volume of some 285 billion DM. Two-thirds of them are incorporated under German law and the rest are branches, according to the Association for Foreign Banks in Germany.

But foreign banks, such as Japanese institutions, which limited themselves mostly to financing Japanese clients, have found it hard to show a profit, analysts said. In 1991, according to a report by the association, many Japanese banks operating in Germany made a loss.

Analysis agreed that the key to success for a foreign bank in Germany lay in developing investment-management portfolios or in breaking into the German retail-banking sector by taking over a domestic bank. Credit Lyonnais took such a step last year when it acquired a majority stake in BfG Bank, Germany's sixth largest bank, with almost 2,000 retail outlets throughout the country.

Credit Lyonnais also gained access in some of the 50 billion DM held by Aachener & Münchener Beteiligungs AG, a company which is the parent of BfG and allows BfG to manage the funds.

Analysis agree that opportunities to penetrate the German retail-banking market are very rare and highly expensive. Apart from Credit Lyonnais, they mentioned only Citicorp's takeover of Germany's KKB Bank.

"Citibank was extremely successful in the managing of its takeover of KKB Bank," said Manfred Pionke, analyst at Bank Julius Bar. "Retaining the German name was a good marketing move, playing on customer loyalty," he said. Citicorp took a majority stake in KKB Bank in 1973, but waited until 1991 to change the German bank's name to Citibank PrivatKunden AG.

Ralf Scheibach, manager of the Association for Foreign Banks, said Citicorp, which is now the largest foreign bank in Germany, made a "hefty investment in KKB Bank, but it paid off."

Credit Lyonnais may also have to wait a while before it sees a good return on its investment of 1.4 billion DM in BfG Bank, analysts said.

Russia Sells U.S.-British Group Fewer Firms Than Hoped In German Coal Deal

Reuters

MOSCOW — Russia's privatization minister gave a mixed verdict Friday on the sale-off of state-owned companies, which has raised more cash than the government had planned but has also sold far fewer firms.

Interfax news agency quoted Deputy Prime Minister Anatoli B. Chubais as saying that only 19 percent of Russian companies had been sold in the first year of the government's big privatization campaign.

Moscow had originally planned to sell 50 percent of all firms and enterprises last year in what it described as the biggest sale of state assets in the world. "Chubais attributes the slow pace of privatization to bureaucratic problems in processing the documents required," Interfax said.

But it said the sales had raised 156 billion rubles (\$316 million), more than twice the amount forecast. Interfax said almost 47,000 Russian enterprises had been sold off by the end of last year, including 27,000 small firms.

Separately, Fyodor Prokopov, the head of the state employment service, said he expected the number of unemployed to rise by the end of this year to between 4 and 6 million from 3.7 million at the end of 1992. Six million out of work would mean an unemployment rate of about 8.5 percent.

"But it is not a social catastrophe compared with rates in other countries in Europe and America," he said.

BONN — A British-American consortium is in a position to break into Germany's closed energy market through the purchase of a major brown-coal mining company, Mitteleutsche Braunkohle AG, in Eastern Germany.

The Treuband privatization agency said Friday in Berlin that it would negotiate the sale of the company, known as Mibrag, with a group led by Powergen PLC and NRG Energy Inc. NRG is a unit of Northern States Power Co., based in Minneapolis.

It plans to conclude the sale of Mibrag, based in Bitterfeld in the state of Saxony-Anhalt, within six months.

"It is the first important step toward more competition in the German energy market," said Sven Dopke, an analyst at M.M. Warburg & Co. in Hamburg.

Another consortium, which groups Western Germany's largest utility companies and is led by RWE AG's lignite unit Rheinbraun AG, had also wanted to purchase Mibrag, one of two huge brown-coal operations in the east.

Initially, investors were wary of buying into the East German brown-coal industry because of the prospect of huge bills for environmental clean-up and modernization. But over time, analysts said,

Investor's Europe

Table with exchange rates for Frankfurt (DAX), London (FTSE 100 Index), and Paris (CAC 40) for the years 1992 and 1993. It includes a line chart showing trends and a list of indices from Amsterdam to Zurich.

Very briefly:

- The Swiss government said a pact giving the European Community road-freight transit rights across Switzerland had come into force after Brussels pledged to hold talks on access to the EC market for Switzerland.
- Benetton Group SpA is starting a chain of hard-currency stores in Cuba to sell to foreign tourists, and is considering producing clothes there.
- Aer Lingus' chairman, Bernie Cahill, met Ireland's new transport minister Brian Cowen, to discuss a rescue plan for the state carrier.
- Deutsche Babcock AG's net profit for the year ended Sept. 30 leaped 138 percent to 76 million DM.
- UNI Storebrand New, the insurer that took over the business of the collapsed UNI Storebrand, intends to cut operating costs in 1993 by 7.5 percent, or 344 million kroner (\$50.7 million) without layoffs.
- Asea Brown Boveri AB's ABB Traktion unit has received a 1 billion kroner (\$140 million) order from the Swedish state railway for 14 class X2000 high-speed trains; ABB is also buying the protection relay division of the Czech company ZPA Travnov for an undisclosed amount.
- International Coffee Organization delegates from major coffee producing and consuming countries meet Monday in London for two weeks of talks aimed at finding a new agreement on export quotas.

COMPANY RESULTS

Table showing revenue and profits for various companies like AMR, Archer-Daniels-Midland, and others. It includes columns for revenue and profit in millions, and per share values for 1991 and 1992.

TRADE: Japan's Habits Linger

(Continued from first finance page)

negotiations to unlock barriers in the Japanese market. She also urged a continuation of wide-ranging talks on structural differences, a forum Tokyo has said it would likely be set broadened by the inclusion of businessmen.

Tokyo has been preparing for renewed calls to stimulate its domestic demand. It is readying a package of tax cuts and public works spending that could pump an additional 8 trillion yen (\$64.15 billion) into the economy. Details will likely be set in time for Prime Minister Kiichi Miyazawa to brief Mr. Clinton during their first meeting, which is expected as soon as March or as late as early May.

But there is little sign that Tokyo is prepared to negotiate new demands on access. If anything, Tokyo has been going on the defensive, a reminder of its traditional negotiating style of yielding grudgingly, and only after foreign pressure threatens to boil over.

Although the Clinton administration offers Japan a chance to create a more equal relationship and take greater initiative, Japan's ability to do so is hampered by economic and political factors. In 1992, the last time Japan's trade surplus hit the stratosphere, the Plaza Accord was struck to double the value of the yen. Japanese manufacturers moved capacity offshore and poured huge sums into research to develop export technologies for upscale products and manufacturing efficiency.

Now, however, Japan's economy is in the doldrums; the focus is on expansion, but restructuring. At the same time, the nation's political leadership has been weakened by a series of scandals, making members of the governing Liberal Democratic Party more sensitive to the perception of being bullied.

"The LDP is in trouble, and if it looks like they're just being pushed around they'll resist," said Robert M. Orr, director of the Institute for Pacific Rim Studies at Temple University in Japan.

Britain Unveils Rail Sell-Off

Compiled by Our Staff From Dispatches

LONDON — The government presented Parliament with its plan to privatize unprofitable British Rail on Friday by selling freight services and offering franchises on passenger service while maintaining government control over tracks and signals.

Transport Secretary John MacGregor said the proposal, which aims to award the first passenger franchises next year, would improve service, but the opposition Labor Party predicted entrepreneurs would pick up only the profitable routes.

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trade closings. Via The Associated Press

Large tables showing NYSE stock market data, including 12-month high/low/close and 52-week price ranges for various stocks. Includes a section for Friday's closing prices.

Catch the money
Germany's old established Government guaranteed State Lottery, the Nordwestdeutsche Klassenlotterie is offering a great Opportunity. The next Lottery will start March 26th, and will last for 6 months.
601,985 guaranteed winners out of only 1.5 million tickets sold.
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 American Express Visa
Account No: _____ Expiry Date: _____
Date _____ Signature of cardholder _____

FUNDING: Can Shorter-Term Borrowing Help to Cut the U.S. Deficit?

(Continued from first finance page)

of dollars in long-term obligations paying more than 10 percent interest even as inflation was on the way out and interest rates were ready to fall.

And even when the Federal Reserve drove down short-term interest rates in the recent recession, the Treasury continued to sell long-term notes and bonds at premium rates.

Today, an investor can reap about 3 percentage points more interest on a seven-year Treasury security than on a three-month one—a difference that by almost everyone's calculation adds billions annually to the government's borrowing costs.

More important, in Mr. Friedman's view, that forces private borrowers to pay for credit. And this, in turn, is slowing the recovery by dampening private investment.

By one estimate, shifting just one-quarter of sales of new longer-term debt to short-term securities would cut long-term interest rates by a half percentage point.

shifting just one-quarter of sales of new longer-term debt to short-term securities would cut long-term interest rates by a half percentage point. Barry Nalebuff of the School of Organization and Management at Yale estimates a potential bud-

get savings of about \$10 billion annually from refinancing of the government's \$2.2 trillion publicly held debt.

Robert Giordano of Goldman, Sachs doubts the savings could be

that large. But he does think there could be some real economies if Washington stopped selling seven-year notes, the government security that competes most directly with private mortgage and business-

If shortening the average debt maturity is really a great idea, why didn't the Bush administration take it and run?

One possible explanation is that the technical questions of debt management were simply left to civil servants, who were constitutionally reluctant to rock the boat.

A more plausible one is that President George Bush's advisers were happy to see ailing banks profiting on the fat spread between the rates they paid depositors and the higher yields on their investments in Treasury securities—and never reckoned with the urgency of beating back the recession.

But this White House is not likely to miss a chance to pick up a few billion dollars in budgetary savings.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chng
114	114	A					114	114	114	0
114	114	B					114	114	114	0

12 Month High	12 Month Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chng
114	114	C					114	114	114	0
114	114	D					114	114	114	0

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

12 Month High	12 Month Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chng
114	114	1					114	114	114	0
114	114	2					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	3					114	114	114	0
114	114	4					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	5					114	114	114	0
114	114	6					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	7					114	114	114	0
114	114	8					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	9					114	114	114	0
114	114	10					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	11					114	114	114	0
114	114	12					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	13					114	114	114	0
114	114	14					114	114	114	0

12 Month High Low Stock Div Yld PE 100s High Low Latest Chng

114	114	15					114	114	114	0
114	114	16					114	114	114	0

سبحان من الاله

The Straits Are Not Protected

Currency Gets a Lift In Australia

By Michael Leifer
Compiled by Our Staff From Dispatches
SYDNEY — The Reserve Bank won a skirmish in its battle against speculators by boosting the Australian dollar Friday, but the struggle spilled over into the political arena as the government lashed back at opposition criticism of its policies.

Chips Are Down for Japan Minebea's Exit Part of a Big Retrenchment

By Andrew Pollack
New York Times Service
TOKYO — Japanese companies took over the computer memory-chip market in the 1980s by withstanding heavy losses that drove most American companies out of the business. Now the losses are becoming too heavy even for some Japanese companies, and a shakeout is beginning here.

Japan Carmakers Fear Retaliation

Bloomberg Business News
TOKYO — Japan's automobile industry, whose products account for 63 percent of the country's trade surplus with the United States, is bracing for a rough ride after the announcement Friday that Japan's overall surplus hit a record \$107 billion in 1992.

Investor's Asia

Table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225. Includes line graphs and a table of exchange rates and indices for various Asian markets.

Very briefly:

- Japan's three-month CD rate fell to 3.70 percent, equal to its record low, from 3.72 percent Thursday as speculation intensified that the Bank of Japan would cut its discount rate.
Campbell Soup Co. said it had received acceptances from holders of 938,631 Arnotts shares, or less than 1 percent, since raising its offer to 9.50 dollars (\$6.39), and said it was now confident of winning.

Tokyo Stocks at 2-Month Low

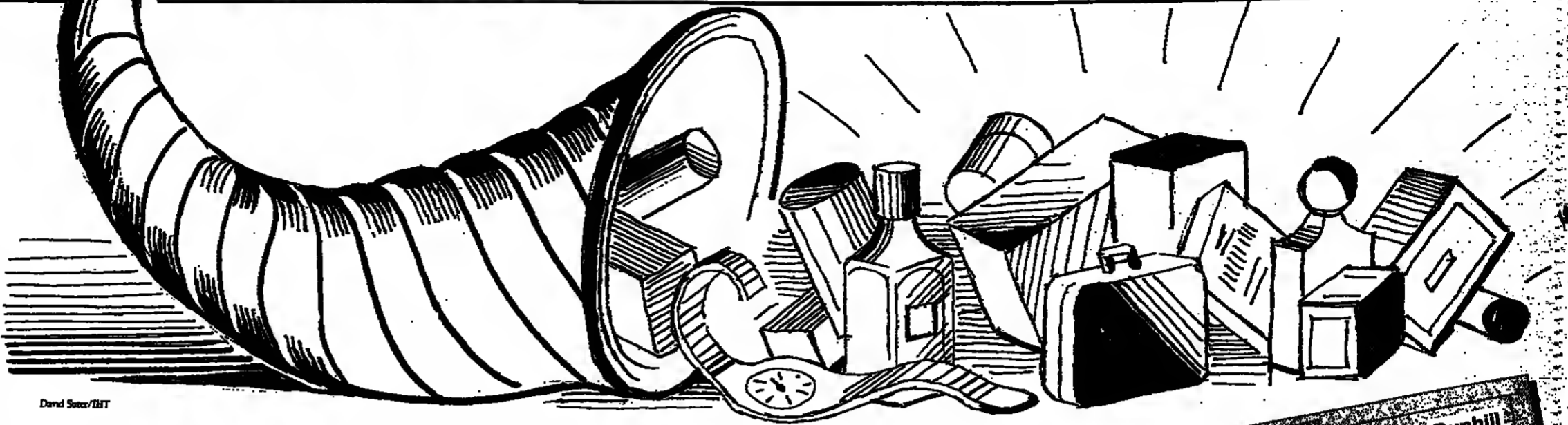
Bloomberg Business News
TOKYO — The Tokyo stock market's Nikkei 225 average fell Friday to its lowest level in two months after Japan's finance minister said he was not considering measures to support the market.

INTERNATIONAL FUNDS

Large table listing various international funds with columns for fund names, currencies, and performance metrics. Includes sub-sections for 'Other Funds' and 'In Holland'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

MONEY



FIRST COLUMN

U.S. Waiting For Cavalry To Arrive

EVEN though President Clinton has looked good on camera this past week, not everything will follow the scripted happy endings — as the fumbled Zoe Baird nomination has already demonstrated. For financiers and economists, the real and very worrying question whether the cavalry will arrive too late.

The recovery has been threatening to finally break the hill and appear on the skyline for some time now. Economists have been remarking on the distant thrumming of hooves on the plain for months. But, when a new economic life force arrives, what will there be left to save?

You can answer that question any number of ways. A geographic analysis throws up broadly the same answer on three continents. In North America, Europe and Asia (apart from the booming Pacific rim, which knows all about collapses but doesn't seem to understand the meaning of the word recession), the response is: "There'll be plenty left for a sustained recovery, but it will be led from unexpected areas."

Unexpected, that is, unless you take the view that the developed economies have produced gigantic companies that were ready to go the way of the mammoth. That is not to say that giant corporations like IBM, whose results this week were just as bad as expected, are about to become extinct; they simply have to evolve from mammoths into elephants to survive.

General Motors and the Japanese banks should take note of IBM's avowed intention to break itself up. Aside from the United States itself, the Clinton presidency is probably more important for Japan than for any other country. The trade dispute between the two countries needs extraordinarily careful handling.

The best-case scenario would be for President Clinton to persuade the Japanese that there really is such a thing as protectionism, as opposed to loyal nationalistic consumer choice in the Japanese market. That will be the time to buy warrants, or funds investing in warrants, in second-rank Japanese corporations. The only problem is that times have been so tough for Tokyo shares that the warrant market may not survive — in which case, the cavalry will have arrived too late.

M.B.

Luxury Business: Slump With a Silver Lining

By Aline Sullivan

FORGET the arguments over the Clinton effect, and whether it exists or not. Some sectors just don't need it. Take luxury goods manufacturers as an example: This surprisingly evergreen band of companies has always done well, even in the toughest of times.

This past week provided dramatic support for the pro-luxury goods argument when Yves Saint Laurent, styled by some as the king of Paris couture, announced the sale of his business. YSL is to be swallowed up by the French perfume and cosmetics division of the French petrochemicals giant Elf Aquitaine at a cost of 3.6 billion French francs (\$645 million).

And all this at a time when analysts had been expressing concern over the financial health of the company. Earnings forecasts had been revised down to 130 million francs for 1992, compared with 233 million a year earlier.

In the teeth of a world recession, the sale of YSL to the state-owned company represents a triumph, in financial terms at least, for Mr. Saint Laurent and his business partner, Pierre Bergé. Their recent business history, after 30 years of building YSL's reputation in haute couture, well illustrates just how durable luxury goods stock can be.

value of the shares they wished to purchase. This deterred short-term speculators, but the final offer was still oversubscribed 27 times.

Two-and-a-half years later, Yves Saint Laurent shares had dropped about 40 percent. The company, which generates most of its sales from perfume, suffered the effects of recession, competitive and exchange rate fluctuations. Analysts were questioning whether YSL had the financial muscle to meet future product launch costs, although some said the shares were worth buying in case the company became an acquisition target. How right they were.

The YSL experience, however, is not universal. Investors in Christian Dior, another French fashion house, have had a grim experience in recent years. Shares in the company have dropped almost 50 percent since they were sold to the public a year ago. The simple fact is that the recession of the early 1990s has depressed demand for luxury goods. Consumers have focused on value for money at the expense of designer labels — although with the sale of YSL, speculation about the possibility of further takeovers is beginning to hot up.

Analysts, however, are counseling caution. "Shares in luxury goods companies are attractive now if investors are prepared to take a long-term view," said Patrick Kirby, a retail analyst at Nikko Europe in London. "Once the Japanese market recovers, there should be more interest from consumers in Japan and other markets in the Far East."

Analysts also advise that the Japanese and continental European markets will not show a sustained recovery until 1994 at the earliest. Demand in the United States, the biggest market for luxury goods, is beginning to rise as the country's economy improves, but value of the dollar against the French franc (still considered low by many, despite the greenback's recent showing) continues to undermine sales. For the next year, at least, shares in luxury goods companies are likely to remain depressed.

LVMH (Louis Vuitton Moët Hennessy), the biggest luxury goods company in the world, has had a tough year. Over the past three months, its share price has underperformed the French stock market as a whole by around 10 percent. During the first nine months of 1992, wine and spirits sales fell 7 percent and luggage turnover was flat.

The company was saved from going into a nosedive by its perfume and beauty products division, which recorded a 26 percent rise in sales over the first nine months of the year. Heavy investments in two new fragrances, Dune and Amarige, started to pay off but are below the company's expectations.

"It seems imprudent to expect a sustained recovery in LVMH's earnings growth until well into 1994," said Mr. Kirby. "Slowing economic growth in continental Europe, coupled with the current downturn in Japan, will ensure that consumer confidence in these markets remains under pressure throughout next year."

LVMH is unique. No other publicly owned company offers investors exposure to such a broad range of luxury goods businesses. The problem for investors seeking the chance to profit from economic recovery by investing in luxury goods companies is that most of the firms are privately owned. Those that are listed on stock exchanges commonly have multifarious interests unrelated to luxury goods. Even LVMH has a 23 percent stake in the Anglo-Irish brewing group Guinness.

Nevertheless, a number of major stock exchange quoted groups have exposure to the luxury goods market through subsidiaries. They may not offer the growth potential of LVMH during economic boom periods like the late 1980s, but their diversity offers insurance against the volatility of the luxury goods market.

One such is Richemont, a Swiss holding company quoted on the Zurich stock exchange that controls several of the world's leading luxury goods companies. These include Cartier, the French watch and jewelry maker, and Dunhill, the diversified British luxury goods group. Richemont also owns a small stake in Yves Saint Laurent. All told, Richemont derives about 40 percent of its profits from luxury goods. Most of the remainder is made up of tobacco sales through its majority-owned British subsidiary Rothmans.

Richemont shares some characteristics with BAT, the British tobacco and financial services giant. But instead of pumping the cash flow from its tobacco business into insurance, as BAT has done, Richemont has opted for luxury goods businesses such as Cartier and Mouton, the German luxury pen manufacturer owned by Dunhill, require heavy marketing investment to maintain their brand image.

"The tobacco side of Richemont is fairly stable while the luxury goods has slowed down in the past year," said Felicity Smith, Swiss market analyst at Hoare Govett in London. She expects Richemont shares to "remain dull" until 1994, when luxury goods sales will rise.

Several of the Richemont subsidiaries are partially quoted on their respective stock exchanges. Dunhill, which is 57 percent owned by Rothmans, is 43 percent publicly owned. In recent years, the company has diversified from its smokers' accessories business so that this now accounts for less than 5 percent of Dunhill's sales. More emphasis has been placed on high-ticket items such as luggage. Dunhill also owns luxury pen maker Montblanc and women's fashion house Chloé.

Analysts applaud Dunhill's product mix. However, the company's position as the No. 1 male luxury brand in Japan has made it vulnerable to the downturn in that country's economy. The Far East accounted for 46 percent of Dunhill's sales last year.

"Dunhill looks quite cheap compared with other British stocks," said Ian Maddougall, a retail analyst at Nomura Research Institute Europe. "The company has taken a beating in the luxury goods market recently because Japanese buyers are its biggest customers. But the U.S. is its second biggest market and the economy there is picking up." He rates Dunhill a "long-term buy."

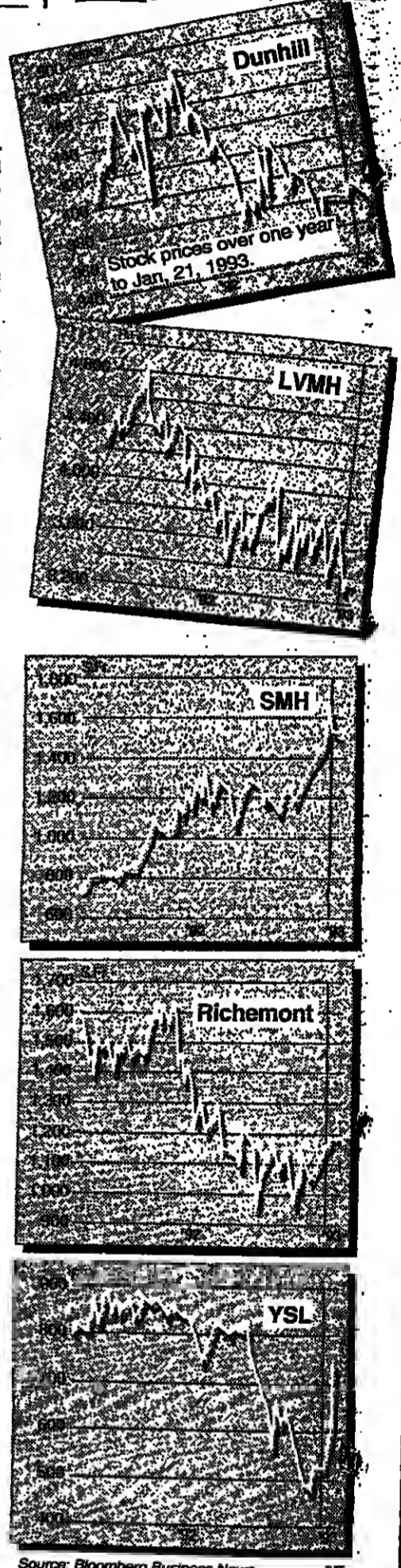
SMH is another Swiss company heavily exposed to the luxury goods market. The company, whose full name is the Swiss Corporation for Microelectronics and Watchmaking Industries Ltd., is the world's leading Swiss manufacturer of watches and watch movements, with 14 percent of the world market share by value.

Goldman Sachs analyst Martin Newson rates SMH a "buy" and estimates the company's post-1993 growth rate at between 10 percent and 13 percent after an estimated 34 percent rise in profits in 1992. SMH will benefit from the continued popularity of its Swatch brand and from the acquisition in July of high-quality watchmaker Blancpain, he said.

"The world watch market has grown by 8 percent per annum for the last five years," said Mr. Newson. "One of the reasons for this strong growth is that consumers are starting to look at watches more as a fashion accessory than as a functional piece of equipment. We think this trend will continue."

Analysts at bankers Pictet & Cie in Geneva are also bullish on SMH shares. The group has emerged virtually unscathed from economic downturn thanks to its highly diversified product mix of watches and telecommunications equipment, the analysts said. The Blancpain acquisition will boost SMH's presence in the profitable luxury watch market.

As recession tightens its grip on Europe, it would take an optimistic investor to put much money into the Continent's luxury goods manufacturers. Unless, that is, the price of luxury goods stocks reflects the general economic gloom so fully that they become just too tempting to potential purchasers.



Source: Bloomberg Business News

- The Clinton presidency
- Allied raids on Iraq
- The Bosnia crisis
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Stock Pickers See Promise in Pakistan

By Rupert Bruce

PAKISTAN is best known in the West for its fragile politics, disputes with India, cheap cotton, and for being thoroughly Third World. Few would imagine it to have a rapidly growing economy, let alone a promising stock market.

Yet, in the Muslim world, Pakistan is one of the biggest stock markets accessible to foreign investors, and even some Western money managers regard it as one of the cheapest and most propitious of emerging markets.

All the usual arguments in favor of emerging markets apply: Pakistan's real gross domestic product is forecast to grow at a rate of more than 5 percent over the next few years, according to Crédit Lyonnais (Asia), providing a fertile climate for corporate earnings. And the government has embarked on a privatization program that should both enhance corporate efficiency and stock market liquidity.

But there is a distinction. Kenneth King, investment director at Kleinwort Benson Investment Management and London-based head of the team that manages the Guernsey Kleinwort Benson Emerging Markets Fund, said: "What we most like about the market is that there are a load of stocks that are quite cheap. On company earnings deflated to the way an Englishman or an American would recognize them, the market trades at an average multiple [that is, a

multiple of share price to 1993 earnings per share] of about 10 times. And there are plenty of companies you would feel like buying even on higher multiples. "Sometimes you get these markets that, on average, look cheap, and you find there are some really dull companies in there that deserve to be on multiples of six. Anything you would really like to buy is on 20 or something. But in Pakistan there were a load of companies that we rather felt like buying, which were on multiples in the low teens."

Some brokers are forecasting that many of these companies' earnings will now grow at up to 15 percent a year in real terms, or after adjusting for inflation. But the stock market has not always been this cheap. In mid-January 1992, the Karachi Stock Exchange 100 Index peaked at 1,705. It has since slid back to levels around the 1,250 mark.

That slide has been mirrored by the performance of Morgan Grenfell Asset Management's Cayman Islands Pakistan Fund, which fell by 25.35 percent in U.S. dollar terms over the year to Dec. 31.

The market's rise to its 1992 peak was sharp and rapid during 1991, the year when it was opened to foreigners, largely in anticipation of a wave of foreign investment. Another factor was said to be enthusiasm for the economic reforms of Prime Minister Nawaz Sharif.

In recent weeks, the market has been almost torpid, barely moving more than 10 points on any one

day. So what will get share prices moving again?

Steve Rhodes, Pakistan country head at Crédit Lyonnais (Asia), said: "We probably have found a fairly solid floor but, having said that, I do not know that will be the great instigator to get the market moving again in the short term." He calculates that the average multiple for 1993 earnings is about 11 times. Compared with the Bombay Stock Exchange's 1993 multiple of 22, he says the market is fair value.

At the moment, he adds, the market is stagnant because it is the 1992 results season for textiles companies. These companies suffered last year as demand for cotton from the United States and other recession-struck customers fell. So the results are not very good.

Mr. Rhodes hopes that the good earnings growth expected for the top 60 companies once the gloomy textile results are out of the way will push the market higher. But he says, "You will have to wait for the results. This market is not a great discount of news." The first set of good results should come through in March.

This is, however, a market where picking the right stock is vitally important. Crédit Lyonnais recommends, among other stocks, Muslim Commercial Bank, a bank that was privatized two years ago, and inherited a lot of bad debts. It has spent the last two years providing

for them and should have a clean balance sheet by the end of 1993, according to the broker.

Another recommendation is Indus Motor Co. (Toyota) a typical Asian emerging markets play. This is a joint venture between the Japanese car giant and a local family, which is beginning to assemble the Toyota Corolla locally.

Despite all of this, the market has its problems. Mark Mobius, head of Templeton's emerging markets funds, owns very few Pakistani stocks. He said: "It is very difficult to get stock because the market is illiquid, also the local brokers may front run an order, so the stock price can move up sharply ahead of an order."

"Another problem is that it is very, very easy to get a listing on the exchange, and so the companies do not have a history. Many of the companies will say, 'Oh, we want to build a factory, and will list a new company to raise the money and build the factory. Many of these stocks are really venture capital companies.'"

"So, you have the complications of an emerging markets funds with a venture capital twist to it."

Other problems that dog the market are a burgeoning public-sector deficit, swollen by lavish arms spending, which brokers estimate will be more than 7 percent of GDP in 1992, the dispute over Kashmir with India, and the prospect of Benazir Bhutto's Pakistan People's Party returning to power, and reversing many of today's economic reforms.

THE MONEY REPORT

Rock's Memorabilia Is on an Auction Roll

By Judith Rehak

IF THE enduring influence of rock 'n' roll on American culture, needs further proof, consider a few events of the past two weeks.

On Jan. 8, thousands of Elvis Presley fans, stamp collectors and ordinary citizens mobbed post offices across the United States to buy the first-day issue of Elvis stamps.

And then there was the appearance of the Fleetwood Mac rock group at the gala on the eve of President Bill Clinton's inauguration Wednesday.

So it should come as no surprise that tony auction houses like Sotheby's and Christie's are finding it worth their while to sell everything from autographed Beatles posters to a velvet vest worn by Jimi Hendrix.

Untimely death can send values soaring as well. "Freddie Mercury's bot right oar," says Mr. Levine of the lead singer of the British rock group Queen, who died of AIDS last year.

Among the most sought-after collectibles are classic Beatles material, with John Lennon commanding top dollar, the Rolling Stones, Elvis, and more contemporaries, Michael Jackson, Prince and Madonna.

Clothing owned by rock stars is the priciest part of the market: A leather jacket worn by John Lennon in the early '60s was hammered down for \$24,000 (\$37,000) last year at Christie's.

The guitar used by Elvis Presley to serenade actress Ann-Margret in the film "Viva Las Vegas" will be a highlight of a March 17 sale at Wolfers Auctions in San Francisco.

But how can you be sure that the sweaty jacket was really worn by Elvis?

But how can you be sure that the sweaty jacket was really worn by Elvis?

June 25. The instrument is estimated to sell at \$5,000-\$7,000. Mr. Wolfers expects that a dress worn by singer Janis Joplin at the Newport Jazz Festival in 1968 should fetch at least \$20,000.

Collectors with less cash can spring for autographed posters, albums and photos, which, if chosen selectively, can also appreciate in value.

Some collectibles are downright wacky. A die-hard Beatles fan recently handed Christie's \$1,200 for nine scraps of paper containing such exotica as a piece of toast left over from George Harrison's breakfast.

One of the trickiest issues surrounding rock 'n' roll memorabilia is authenticity. How can you be sure that the sweaty jacket was really worn by Elvis?

While the top end of the rock 'n' roll market is appreciating steadily, some items may merely be salable, but not necessarily increasing in value.

"Be careful not to pay too much," cautions Mr. Levine, citing Jimi Hendrix's vest, which carried a pre-sale estimate of only \$1,500, but sold for \$19,800.



From vests to toast, collectors should visit pre-auction exhibitions

So You're in Outer Ptomania and the Flu Hits...

By Kate Bales

MEDICAL coverage when working or traveling abroad is one of those small details of life that often get overlooked.

are limited in services rendered by public facilities accepting Social Security, and must arrange separate coverage if they wish to go to private physicians.

Citizens of EC countries traveling outside the EC. Many EC countries have bilateral agreements with nations throughout the world and voyagers should check with the local department of Social Security before traveling to find out if their own state's coverage is valid in the country in which they are going.

For those countries that have not signed bilateral accords, travelers must obtain private insurance or expect to pay cash should they need medical care.

EC nationals working abroad. The moment an EC national's permanent residence changes to foreign soil he loses local coverage, and the cross-border protection that goes with it.

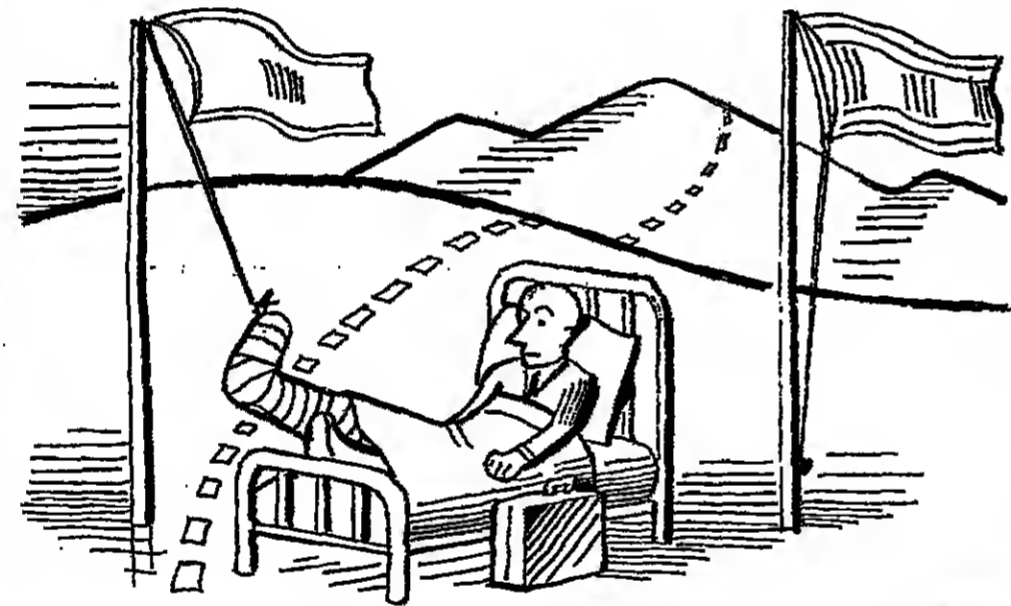
If you find yourself requiring heart surgery in the middle of a small Third World nation, you want to know you can get airlifted to the nearest qualified facility.

U.S. nationals working or traveling abroad. The sole option here is private medical coverage. Moreover, many U.S. policies will not honor expenses incurred overseas, and citizens must remember to check their policy exclusions in advance.

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The Association of Americans Resident Overseas (AARO), and the Federated League of Americans Around the Globe (FLAAG) both offer full coverage programs for expatriates residing full time abroad.

American voyagers who are going overseas for short-term jaunts can find several limited policies offered through local travel offices, or, where applicable, consider the American Express medical policy offered to cardholders.



David Sater/HIT

For Foreigners, the U.S. Still Seems a Tax Haven

By Robert C. Siner

A HIGHLY favorable political and economic climate has made the United States a top attraction for foreign investors.

Leonard Schneidman, a tax attorney and author of "U.S. Portfolio Investment by Foreign Taxpayers" cited "low inflation, high real interest rates and the most liquid financial markets in the world" among the factors that have continually drawn foreign portfolio investment to American shores.

Mr. Schneidman, a partner and head of the tax area of the Boston law firm of Foley, Hoag & Eliot, defined portfolio investment as passive investments over which the investor has little control beyond buying and selling.

In addition, the United States is, in many respects, a tax haven for foreign capital. Mr. Schneidman said, and with proper planning the interest, dividends, and capital gains income from portfolio investments will have little or no U.S. tax liability.

This favorable treatment is expected to continue for most foreign investors, Mr. Schneidman said. However, he saw warning signs in the discussion of taxing certain types of foreign portfolio income as a means of raising revenue to reduce the deficit.

In addition, there is President Bill Clinton's oft-repeated promise to raise revenue by making foreign ventures in the United States pay their "fair share" of American taxes.

foreign economic activity in the United States. An example of this type of expansion can be found in legislation proposed last year that would have taxed the capital gains income of some foreign stockholders.

When considering a portfolio investment in the United States, Mr. Schneidman said the investor and his tax advisers must have a thorough understanding of U.S. tax laws to structure his investments so as to gain the most favorable tax treatment possible.

dividends) by foreigners is subject to a 30 percent tax withheld at the source.

However, there are so many exceptions to this rule. Mr. Schneidman said, that "taxability of a foreign investor on interest income is more a result of poor planning than of the tax code.

In addition, the United States has bilateral tax treaties with more than 30 nations and in many of these the tax rate on investment income is lowered.

BRIEFCASE

New York Mutual Fund Offers German Bonds

The trend to more international fund investment continues. Huntington, a New York-based fund group, which manages assets of approximately \$150 million, has just launched what it claims is "the first U.S. mutual fund designed to invest primarily in German government bonds."

Minimum investment is \$2,500, and there is a sales charge of 3 percent. For more information, call Huntington on (1) 813 795 0039; investors within the United States, may use a toll-free number: 1 800 354 4111.

U.K. Bond Strategy For Defensive Play

Those who prefer British government bonds to their German counterparts will be interested in a new fund from British manager M&G Securities. The firm's new Treasury Fund distributes income monthly, and has no initial charge, with an annual levy of just 0.6 percent.

"Our aim is to provide income and capital stability through investment primarily in sterling Treasury bills and, as such, to offer admirable defensive qualities to investors wary of volatility in equity markets," said Peter Emms, M&G's marketing director.

The low charging structure represents a departure for the British fund industry, which typically charges its clients more than 5 percent up front, with annual fees running at around 1 percent.

For more information, write M&G Securities, Three Quays, Tower Hill, London EC3R 6BQ; or call London (44 71) 626 4588.

Poll of Air Passengers Sets Clinton Priorities

Business executives traveling between London and Paris and the United States on Continental Airlines' new BusinessFirst class were asked last week by the Roper Organization to voice their expectations for the Clinton presidency and identify priorities for the first 100 days.

Twenty-eight percent were pessimistic compared with 41 percent when the same survey was taken in November. 25 percent of the general public is pessimistic.

Sixty-one percent said that Mr. Clinton should immediately tackle the budget deficit, 57 percent called

Plastic Money Adds Network in Europe

Europay, whose main competitor is the VISA network, aims to be the best international services provider in Europe. The firm also operates the Eurocheque system.

Europay, a Belgium-based financial company, has announced a deal with the CIRRUS network of cash machines. Linking up with the Eurocard-MasterCard Automated Telling Machines (ATMs), Europay now claims more than 120,000 linked ATMs.

Europay, whose main competitor is the VISA network, aims to be the best international services provider in Europe. The firm also operates the Eurocheque system.

Top Performing International Funds

Leading mutual funds from Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Switzerland and the United States. Value of \$1M. Income reinvested, excluding charges.

Over one month to Jan. 18, 1993

Table with columns: Fund Name, Type, Performance, and Value. Lists various international funds like British Overseas, Swiss American, etc.

Source: Micropal International Herald Tribune

Advertisement for Offshore Company Specialists, listing services for various countries like U.K., Bahamas, Delaware, etc.

Advertisement for Lombard Classic 90 account, highlighting higher rates of interest and special instant access features.

Advertisement for Dollar Investment Package by Jyske Bank, offering high interest on US-dollar investments.

SPORTS TENNIS

French Group Drops Suit That Blocked Prix

PARIS — French anti-tobacco lobbyists have opened the way for the 1993 French Formula One Grand Prix to be reinstated...



Jim Courier, pounding a return to Guillaume Raoux in his straight-sets victory: "So far, so good."

Former U.S. Junior Ace Comes of Age at the Open

By Christopher Clarey International Herald Tribune MELBOURNE — The first American man to reach the round of 16 at Flinders Park on Friday was no surprise...

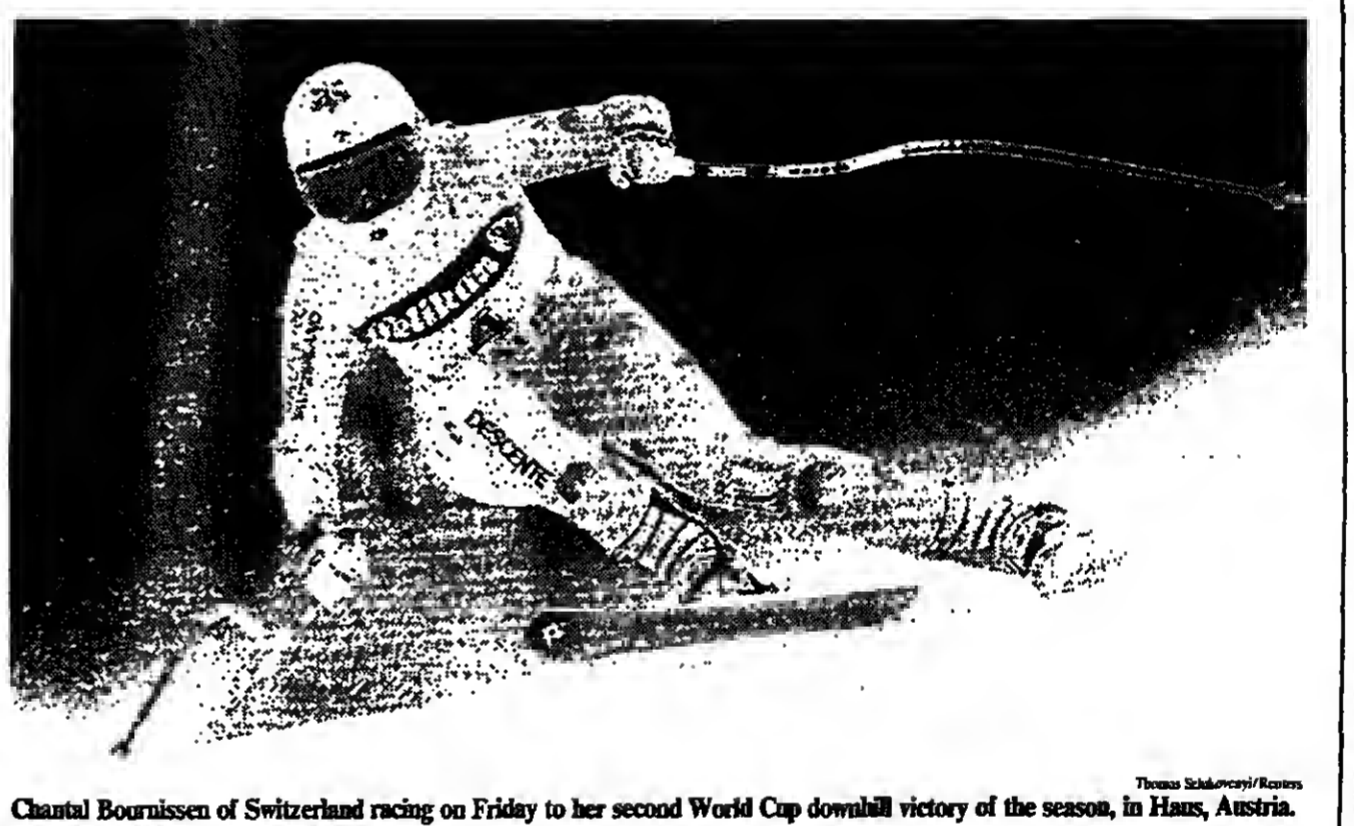
gles matches in 1992, losing two, as his ranking fell from 230 to 447. But with the added confidence of a successful year in doubles behind him...

From England, An Invitation to a Scrum for Clinton

LONDON — English rugby officials are hoping for a reunion with a former Oxford player who went on to bigger things in the United States: President Bill Clinton.

Swiss Bournissen Wins Icy Women's Downhill

HAUS, Austria — Chantal Bournissen of Switzerland won her second World Cup downhill of the season on Friday in a race marred by bad falls.



Chantal Bournissen of Switzerland racing on Friday to her second World Cup downhill victory of the season, in Haus, Austria.

Australian Open: 3d-Round Scores

Men's Singles, Third Round GUY FORGET (11), France, def. Jamie Moron, Australia, 6-3, 6-2, 6-2...

SIDELINES

IAAF Compromises on Prize Money

JAKARTA (Combined Dispatches) — The International Amateur Athletic Federation on Friday sought to head off a boycott of the world championships in Stuttgart with a compromise agreement...

Japan to Allow More Foreign Horses

TOKYO (Reuters) — Japan, under pressure to allow foreign thoroughbreds to compete in its lucrative horse races, will open up three more races by 1995...

Akebono Keeps Share of Sumo Lead

TOKYO (AP) — Akebono pushed out Kotomishiki and shared the lead with the lower-ranked Daishoyama, who beat Konishiki on Friday in the New Year Grand Sumo Tournament.

For the Record

The former PGA champion John Daly, who has undergone alcohol rehabilitation treatment, will return to action on the pro golf tour next week in the Phoenix Open.

SCOREBOARD

BASKETBALL

Table with NBA Standings and Major College Scores. Columns include team names, wins, losses, and scores.

HOCKEY

Table with NHL Standings and Campbell Conference. Columns include team names, wins, losses, and goals.

TRANSACTIONS

BASEBALL American League MINNESOTA—Agreed to 2-year contract with Mark Gubicin, pitcher...

SKIING

WOMEN'S DOWNHILL Friday, in Haus, Austria: 1. Chantal Bournissen, Switzerland, 1:42.86...

Herald Tribune advertisement for 'Living in the U.S.' featuring a large image of a person and text about immigration and services.

INTERNATIONAL CLASSIFIED advertisement listing various services such as escorts, guides, and travel agencies.

DAVE BARRY

The, Ah, Winners

Miami—I hope you haven't had anything to eat recently, because, as promised last week, today I am presenting the winners of the Bad Song Survey.

In analyzing these results, I had to make a few adjustments. For example, the Bob Dylan song "Lay Lady Lay" would have easily won as Worst Overall Song...

Without question, the voters' choice for Worst Song—in both the Worst Overall AND Worst Lyrics category—is "MacArthur Park," as sung by Richard Harris...

The clear runner-up, again in both categories, is "Yummy Yummy Yummy (I Got Love in My Tummy)," performed by Ohio Express...

Coming in a strong third is "You're Having My Baby," by Paul Anka. This song is deeply hated. As one voter put it: "It has no redeeming value whatsoever..."

Jane Bunnett on Sax: The Spirit of Havana

By Mike Zwerin International Herald Tribune

PARIS—Jane Bunnett has been studying the music of Thelonious Monk with Steve Lacy in Paris ("between lots of wine, cheese and baguettes") on a grant from the Canada Arts Council...

Bunnett is currently visiting Cuba for the 13th time. Before leaving, she explained: "Canada exported a lot of cows and tractors down there. They like Canadians."

Cuban rhythms gave birth to dance crazes such as the Charleston, the Black Bottom, rumba, cha-cha and mambo, and had a key influence on Delta blues, rhythm and blues, and boogie-woogie.

In an article titled "The Cuban Connection" in Spin magazine, Robert Palmer quotes the Cuban trumpeter/bandleader/gu-nu Mario Bauza: "The Cubans, we came here and changed your American music from the bottom up! And nobody

knows this!" He is shouting: "NOBODY WRITES ABOUT THIS! Whap! Whap! The Latin music writers they write about 'salsa' style, the 'salsa' sound. There is no such thing! Salsa is nothing but 30-year-old Cuban music with a new name. We changed everything!"

"They couldn't sell 'Afro-Cuban' music," Bunnett confirmed. "Those are two 'naughty' words. Not very commercial. So they named it 'salsa.' I had been playing with salsa bands back in Toronto, but it was on-the-surface stuff. I wanted to find the heartbeat of the thing."

Eight years ago, Bunnett and her companion and collaborator, the trumpeter/composer Larry Cramer, stumbled upon an ad for a cheap all-expenses-paid two weeks in Cuba. Instead of Havana, they went to Santiago de Cuba, at the other end of the island.

Returning to Cuba once or twice a year to meet musicians and make field recordings, she befriended Guillermo Barreto who had played drums with Nat Cole, Sarah Vaughan, Stan Getz and other American stars who worked the casinos before the revolution.

Hoping to get to the heart of the music without changing it, Bunnett added harmony to Yoruban vocal and percussion chants and opened sections for solos. Barreto would come running up to her and ask, "Play more Cuban?"



Saxophonist Bunnett: "Ever try to fax Cuba?"

the elements are watered down. What we found so exciting is the intensity, we wanted to keep that."

Three outstanding pianists helped her get astonishingly close to her goal. Hilario Duran can play barrelhouse with what old-timers call "the left hand of God."

Bunnett is discussing a second recording with Duran. Judging from the first one, this is no simple matter. Sponsored by the Canadian Broadcasting Corporation, "Spirits of Havana" took three years to put together. "Ever try to fax Cuba?" she asked. "Once we couldn't get through for weeks so we flew from Toronto and here were all these people standing around the

fax machine. It was like, 'Hey, guys, there's no paper in it.'"

Then the CBC decided to pull out: "They said there had been big budget cutbacks and they didn't know where they could find the money. There are good studios in Cuba but equipment wears out and they can't get spare parts because of the embargo. So we were going to take some expensive hardware down with us. We had committed ourselves. We had given news conferences in Havana and all the print and radio reporters covered it. It was exciting for them. It was an export they could be really proud of. So I went to the CBC and screamed. I really screamed loud. It went back on track."

When it was done, Barreto paid her the supreme compliment. "I just couldn't believe she wasn't Cuban," he told the press. Oh yes—she also told her: "You play like a man."

PEOPLE

Disney's Right to 'Rite' Contested by Publisher

In the Walt Disney film "Fantasia," music from Igor Stravinsky's "Rite of Spring" is played during the creation of the Earth, the demise of the dinosaurs, and the birth of civilization. Now comes the one thing that seems to have been left out: a lawsuit. Stravinsky's publisher is contending that the Walt Disney Co. did not have the right to use "Rite of Spring" in the best-selling videocassette version of "Fantasia."

Prince Charles's relationship with a married woman has sullied the monarchy's reputation but most Britons think he should still become king, according to an opinion poll published on Friday in the Daily Express. Of those questioned for the ICM survey, seven out of 10 said the publication of an intimate telephone conversation between the prince and friend Camilla Parker-Bowles had damaged the monarchy. But 59 percent were in favor of Charles succeeding his mother, Queen Elizabeth II.

Japanese opera buffs, known for their willingness to pay big money for tickets, will have a chance to splash out as much as \$0,000 yen (\$640) for a seat when Spanish tenor Jose Carreras visits Tokyo. That is the going rate at a charity concert planned for March, the proceeds of which will go toward the fight against leukemia. Carreras himself recovered from leukemia in 1988.

Film star Audrey Hepburn will be buried on Sunday in the small Swiss village where she lived for nearly 30 years. Hepburn died on Wednesday aged 63 in Tolochenaz, outside Lausanne and overlooking Lake Geneva.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Weather forecast section including maps for Europe, North America, Asia, and Latin America, with temperature and precipitation data for various regions.

No Men Allowed By Joy L. Wouk

ACROSS crossword puzzle grid with clues and a list of words to be found.

BOOKS

LOUIS AUCHINCLOSS: A Writer's Life By Carol Gelderman. 287 pages. \$25. Crown. THREE LIVES By Louis Auchincloss. 213 pages. \$21.95. Houghton Mifflin. Reviewed by Arthur Krystal

Solution to Puzzle of Jan. 16-17. A grid of numbers and letters corresponding to the crossword puzzle.

Large advertisement for AT&T USADirect Service, featuring a globe and the slogan 'Speed up the approval process.' Includes a list of international access numbers.